

U. PORTO



CEO's Social Capital Effects on Firm Performance

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Biographical Note

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Acknowledgment

“If you can dream it, you can do it”, by Walt Disney

One more achieved dream.

There is no impossible in our life.

If we really want it, we can do it.

However, it is of major importance to have somebody on our side, supporting us.

I would like to thank my parents. The person I am today I owe it to them. I also would like to thank my little brother. He can always put a smile on my face. Furthermore, I would like to thank my grandparents and godparents for their constant faith in me. All my true friends are also in my heart. They are always with me, in good and bad moments. Thank you very much. Also like to thank my girlfriend for making me happy. Last but not least, a very special thanks to Prof. Raquel Meneses for all the support, all lost hours and all the advices. Thank you Professor for being a good friend. Thank you for believing in me.

Resumo

Este é um estudo sobre o capital social e tudo o que este possa ensinar e proporcionar ao empresário e à empresa, nomeadamente ao nível das relações. Essencialmente, esta pesquisa está interessada em saber como o capital social influencia o desempenho da empresa. A fim de personificar e atribuir as decisões importantes de uma empresa, o principal responsável pela sua gestão foi escolhido, o *Chief Executive Officer*. Assim, foram discutidas as relações entre os *CEOs* e gestores de topo de outras empresas, entre *CEOs* e funcionários do governo e entre os *CEOs* e associações empresariais. Desta forma, através do método de pesquisa por questionário, 83 *CEOs* portugueses foram questionados sobre algumas informações e decisões de suas empresas. Com vista a permitir a análise de todos os dados, foi utilizado o modelo de equações estruturais (*SEM*), através do método estatístico dos mínimos quadrados parciais (*PLS*). Inicialmente fez-se uma abordagem genérica para o modelo em estudo, e posteriormente foi elaborada uma análise multi-grupo. Esta análise consistiu em considerar algumas variáveis de contingência, tais como, tamanho, sector, atitude do gestor de topo e ambiente externo. Contrariamente a algumas expectativas, o modelo geral não mostrou resultados significativos. Por outro lado, as variáveis de contingência apresentaram resultados interessantes. Assim, encontraram-se duas influências negativas, nomeadamente na indústria da manufactura, através dos relacionamentos entre *CEOs* e funcionários do governo, e no fluxo de informação interdepartamental, através dos relacionamentos entre *CEOs* e gestores de topo de outras empresas. No entanto, estes últimos afectam positivamente o desempenho futuro da empresa, quando consideradas empresas com mais de 50 empregados. Relativamente à análise por sector, a construção e os serviços financeiros apresentaram conclusões positivas. Na primeira, os relacionamentos entre associações empresariais e *CEOs* influenciam o desempenho actual da empresa. Na segunda, os relacionamentos entre *CEOs* funcionários do governo afectam o desempenho futuro da empresa. Além disso, encontraram-se



conclusões positivas através da análise das actividades de informação, recursos, estratégicas, sensibilidade do cliente, tecnologia e ambiente competitivo.

Palavras-Chave: capital social, desempenho, relacionamentos, *networking*, relacionamento com funcionários do governo, relacionamento com associações empresariais, relacionamentos com gestores de topo

Abstract

This study is about social capital and everything that it may teach and provide to the entrepreneur and to the firm, namely at relationships level. Essentially, this research is interested in knowing how social capital influences the firm performance. In order to personify and assign the key decisions of a firm, the primarily responsible for its management was chosen, the Chief Executive Officer (CEO). Thus, the relationships between CEOs and top managers at other firms, between CEOs and Government officials and between CEOs and business associations were discussed. Thereby, through the survey method, 83 Portuguese CEOs were questioned about some information and decisions of their firms. So that all the collected data could be analyzed, the Structural Equation Modeling (SEM) was used, through the Partial Least Squares (PLS) statistical method. Initially a generic approach to the model under study was made, but afterwards a multi-group analysis was elaborated. This analysis consisted of considering some contingency variables, such as, size, sector, top manager attitude and external environment. The general model has not showed significant results, contrary to some expectations. On the other hand, the contingency variables have presented interesting results. Thus, two negative influences were found, namely in the manufacturing industry analysis through the relationships between CEOs and government officials, and in the interdepartmental information flow through the relationships between CEOs and top managers at other firms. However, these positively affect the future firm performance, when considering the firms with more than 50 employees. Concerning to sector analysis, construction industry and financial services industry had positive conclusions. In the first one, the relationships between business associations and CEOs influence actual firm performance. In the second one, the relationships of CEOs with government officials affect the future firm performance. Moreover, there were found positive conclusions through the analysis of information activities, resource activities, strategy activities, customer sensibility, technology and competitive environment.



Keywords: social capital, performance, relationships, networking, relationships with government officials, relationships with business associations and relationships with top managers.

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1 - Introduction

Nowadays, the business world is like a jungle, only the strongest survive. The systematic development of the business world, with constant product innovations, growing power of technology and the use of increasingly patented strategies makes it of great importance to have some kind of competitive advantage over the competition (Barney, 1991). It is like a Trump Card in order to stay always one step forward. Not all companies have a huge financial power, or have access to the best raw materials, or can hire great geniuses. Thus, in such cases, it is really important to find alternative strategies in order to survive in those competitive markets. The best way is to get some allies (Ireland *et al.*, 2002), with whom would be possible to work in cooperation (Dyer and Singh, 1998).

One of the results of the cooperation between organizations is the increment of the social capital (Dyer & Singh, 1998). Social capital is one of the most important variables that the organizations may explore in order to get more and more improvements (Hall, 1993). This variable is intangible (Hall, 1993) and most of time its results are not directly linked to it. It is measured by the degree of knowledge and information that a firm acquires due to some relationships that it establishes with other organizations. However, social capital may be worked and explored in many different ways. An organization may use the potential of social capital according to its needs and possibilities (Nahapiet & Ghoshal, 1998). In other words, it is a powerful weapon that an organization may use in its daily management.

The personification of all those relationships and network of contacts is the chief executive officer (CEO) (Cao *et al.*, 2012). The most influent person in the management and in the decision process of a firm. The CEO represents the firm in the relationship process, either with customers, suppliers, competitors or other entities. Thus, it could be

said that the CEO is the middleman in the process of collecting and building social capital (Cao *et al.*, 2012).

Being a variable of extreme importance to the firm, by bringing new information and knowledge, it can be stated that social capital influences the firm performance (Nahapiet & Ghoshal, 1998). It may influence, for example, through a person that the CEO knows in the local government, who helps the CEO to overpass some bureaucratic problems, or through belonging to some business association, having direct and indirect benefits with the “lobby” effect. Moreover, another benefit is to have access to privileged information, in what concerns to new trends or changes in the whole system. These are some situations that help the firm to increase its performance.

Thus, this research intended to assess to what extent the social capital, namely the relationships of CEOs with some other entities (top managers at other firms, government officials and business associations), may influence the firm performance. An inquiry was made to 83 CEOs, through the survey method, in order to achieve some data for later analysis.

This study was structured as follows. Section 2 presents a review of the relevant literature. It is possible to be seen the discussion of the main variables and their most important topics. Also in this section are referred some initial conclusions and the hypothesis to be tested. Section 3 presents the study’s methodology, showing how emerged the method of the study and which are the variables of study. The information and details regarding to the data analysis and empirical results are presented in section 4. Finally, some conclusions are referred in section 5, as well as some limitations of this research.

2 - The Effects of Social Capital

2.1. Organizational Networking

No firm is an island (Gibbons *et al.*, 2009). In the world of businesses one big truth is that no firm live in complete isolation. There is an exchange process and interaction between the organizations (Hakansson & Snehota, 2006). Relationships, also understood as linkages, are created to pursuit goals already defined (Hakansson & Snehota, 2006). The relationships of a firm are one of the most valuable resources that a company has (Ritter *et al.*, 2004). They give direct benefits in terms of the many valuable functions they perform and the resources they help to create and provide access to knowledge and markets (Ritter *et al.*, 2004). They also provide indirect benefits because they grant access to other relationships, organizations, resources and skills (Hakansson & Snehota, 1995; Ritter *et al.*, 2004).

Uzzi (1996) says that the structural embeddedness argument is tied, in other words, he suggests that embedded ties provide the greatest access to the benefits circulating in the network. Because of the high level of information exchange, trust, and joint problem solving arrangements that characterize embedded ties, firms can most rapidly gain entry into and leverage the opportunities provided by the network.

According to Hakansson and Ford (2002), relationships give the company the opportunity to influence others, but the same relationships may turn against the company and influence it. Much managerial analysis and decision-making is focused on trying to understand a company's interface with both immediate and more distant counterparts, as well as the respective consequences to their operations of different relationships.

No company alone has the resources, skills or technologies that are necessary to satisfy the requirements or solve the problems of any other. So, it is dependent on the skills, resources and actions and intentions of suppliers, distributors, customers and even competitors to satisfy those requirements (Ford *et al.*, 2002). One important outcome is the facilitated access that a company has to get resources from other firms, since it is well placed on the structure of the network (Ford *et al.*, 2002).

Thus, the fact that firms may relation with each other may be viewed as a core competence, which varies among firms (Ritter *et al.*, 2004) and which is an important source of competitive advantage (Ritter *et al.*, 2004). These close relationships between some companies is a generator of competitive success.

In a matter of business networks, Hakansson and Ford (2002) have a very explicit view. They define network in its most abstract form, taking only in consideration nodes and threads, where nodes are interconnected with each other by specific threads. Nodes represent business units and the relationships between them are the threads, thus, this complex business market can be seen as a network. But either the nodes or the threads have their own specific content in the business context. Resources, knowledge and understanding have a lot of interaction with nodes and threads. Instead, each node or business unit, through its unique technical and human resources is bound together with many others in a variety of different ways through its relationships. Relationships are interconnected and aggregated as business networks (Thornton *et al.*, 2012). They are a piece that is part of a whole.

Uzzi (1996) argues that organizational networks operate in an explicit logic of exchange, which helps the increase of economic performance through interfirm resource cooperation, and coordinated adaptation but that also can derail performance by sealing off firms in the network from new information or opportunities that exist outside the network. Also, it can be said the freedom is restricted because much of their networking will involve reaction to the actions of others (Ford *et al.*, 2002).

Organizations, thus, are not alone; instead, they seek resources from their counterparts and try to influence others in order to gain control of desired resources. At the same time, they are influenced by others and they give away some of their resources to their counterparts (Thornton *et al.*, 2012). Having several business partners are of importance in relation to outcome performance (Thornton *et al.*, 2012). Thornton *et al.* (2012) argue that managing and maintaining successful business relationships is critical to a firm's overall performance due to contribution of cooperation partners and the synergy of resource utilization from other parties. So, the challenge for a firm is not only to fulfill customer needs, but to develop and maintain relationships with their customers and other partners who contribute in this process (Thornton *et al.*, 2012)

Relationships are complex and long-term and their current form is the outcome of previous interactions between the business units (Hakansson & Ford, 2002).

Organizations do not take decisions devoid of the social context in which they are embedded, rather they look for purposeful action, for example, through entrepreneurship, embedded in concrete, on-going structures of relationships (Shaw *et al.*, 2009).

A very favorable situation is when social contacts also happen to be experts because social contacts are easier to access and more likely to communicate (Robinson & Stubberud, 2010). In order to build social capital and eventually business growth it is important the informal socializing (Robinson & Stubberud, 2010).

All of those relationships and business networks create a system in the way that firms and entrepreneurs behave, that is called networking. Networking is described as the activities that an individual entrepreneur undertakes to build, sustain or extend their personal network (Leek & Canning, 2009), encompassing all of the interactions of a company or individual in the network (Ford *et al.*, 2002). It is interactive, because networking by any company affects and is affected by the actions of others. All companies are networking by suggesting, requesting, requiring, performing and

adapting activities simultaneously, and the outcome is the result of all those interactions. Networking involves combined cooperation and competition, namely, involves simultaneous combinations of working with, through, in spite of or against others (ibid).

2.2. Social Networking

It is unrealistic to analyze economic exchanges and the mechanisms supporting such exchanges (markets, internal organizational hierarchies and network forms of intra-organizational collaboration), which support the sharing and exchange of resources, without considering the social context within which such exchanges are embedded (Shaw *et al.*, 2009).

The main aspect of social capital is not about what you know, but about whom you know (Woolcock & Narayan, 2000). The social context is important to the process of entrepreneurship (Shaw *et al.*, 2009) as all entrepreneurs have social capital. When someone develops a new business and tries to establish its position in the network, social capital was found to be very useful (Leek & Canning, 2001).

The development of human capital and the economic performance of companies are influenced by the role of social capital. In the current days this is a matter of study of some researchers (Nahapiet & Ghoshal, 1998). It is gaining adherents, which is explained by the fact that it is a factor for success in various topics involving the study of organizations (Adler & Kwon, 2002).

Social capital can be defined as “goodwill that is engendered by the fabric of social relations and that can be mobilized to facilitate action” (ibid, p.17).

These authors also claim that most people are interested in valuable resources, so the main concern of social capital’s topic is that the goodwill that others have to us is a very

valuable resource. Goodwill refers to sympathy, trust, advices and forgiveness offered to us by our friends and acquaintances.

Social capital also may be considered as all the connections that individuals have, such as the actual or potential resources which are linked to a possession of a durable network of more or less institutionalized relationships or mutual acquaintance or recognition (Leek & Canning, 2009). It can be said that there are some entities with at least two elements in common. By representing these entities we could have either people or corporate actors, who consist in actors within the structure.

Where some source of social capital cannot be found, networking may work as an engine that initiate potentially useful contacts (Leek & Canning, 2011) which may be further developed into relationships. Networking and social capital are therefore highly interrelated; it all begins with networking that provides the initiation of relationships, which leads to the development of social capital, which in turn can be used to initiate further relationships and social capital (Leek & Canning, 2011).

Leek and Canning (2009) define it as trust, goodwill, norms, credibility, cooperation and reciprocity, being these various dimensions relating to relationships. Those are also intrinsic characteristics of the individuals, such as intangible qualities. The individuals transmit them through their business' interactions (ibid).

Adler and Kwon (2002) found some similar definitions with some nuances of social capital. First of all, the definitions vary depending on what type of focus is made on the substance, the sources or the effects of social capital. Secondly, it varies depending on whether the focus is essentially done (1) between the relationships of an actor with other actors, (2) the structure of relationships between actors within a community, or (3) both type of connections. Social capital may explain the success achieved by different individuals and companies in the competition they face every day in the first type of connection. The actions of individuals and groups can be really facilitated by their direct and indirect connections to other actors in social networks. The second type of

connections, that values internal relationships within the institutions (organizations, communities, nations, etc.), concerns the cohesion of community and the easiness in the pursuit of collective goals. The third type of connection, is a neutral vision, in other words, there is a bonding wire between those internal and external dimensions that simultaneously approaches and separate them. This binding is seen as having several advantages because the same “problem” may have two visions, as the peer relationship in a company, may have an external view to the employee but an internal view to the firm.

In sum, the definition of social capital has three important elements in common, the relationship, the access to resources and the of benefits to the company (Leek & Canning, 2009).

Social networks are the key to unlock and gain access to other resources as they facilitate communication between people with network ties (Robinson & Stubberud, 2010). They are also seen as a specific set of linkages among a defined set of people, with the additional property that the characteristics of these linkages as a whole, may be used to interpret the social behavior of the people involved (Skerlavaj & Dimovski, 2006). The social network approach views organizations in society as a system of objects (e.g. people, groups and organizations) joined by a variety of relationships (Skerlavaj & Dimovski, 2006).

Thus, having relationships with others provides the rise of opportunities; social ties of actors’ networks create opportunities for social capital transactions. It can be found an opportunity in external ties to other actors, making that their resources and network may be leveraged.

According to Leek and Canning (2009), there are some very important dimensions of social capital often mentioned, such as, trustworthiness, information flow capacity and norms accompanied by sanctions; as well as, information diversity, information volume and information richness. The same authors argue that the constant interchange is one

characteristic of these terms. The weaker ties are points of connection with the networks, in other words, they act as bridges between networks of strong ties. Through these “bridges”, information may flow and enter in the network of strong ties (Leek & Canning, 2009).

Personal relationships developed between specific people and/or firms, induce the emergence of the relational dimension (Leek & Canning, 2009). As the relationship develops, the parties involved get to know through experience when they can trust each other (Leek & Canning, 2009). Perceived reputation, credibility and integrity only will be used to determine whether the company should deal with a particular company or not, if the parties gradually establish trust between them (Leek & Canning, 2009).

Relational dimension is constituted by four variables: trust, norms, obligations and identification (Nahapiet & Ghoshal, 1998). Four relational variables may also be perceived to be important: status, reputation, credibility and integrity (Leek & Canning, 2009).

On the other hand, when we talk about sharing interpretations, representations and systems that enable individuals in a network to make sense of information and to classify it into perceptual categories, we are referring to the cognitive dimension (Leek & Canning, 2009). Having this cognitive similarity enables the exchange of information, learning and knowledge creation. In this way, it can be perceived that the cognitive dimension includes shared codes and languages and shared narratives (Leek & Canning, 2009).

Nahapiet and Ghoshal (1998) also report that social capital can take many forms, and each form has two characteristics in common: represent some aspect of social structure, and facilitates the actions of individuals within the structures.

The development of social capital’s forms is stimulated by the interdependence, and coordination that this implies. The organization often extends the circle of exchange that

takes place between the members, increasing thereby identification and encouraging social norms of cooperation and risk taking.

Wagner *et al.* (2009) say that organizations serve as ways of instituting social interactions and bonds among actors and of facilitating exchanges of resources that otherwise would not fit with economic exchanges in markets and that is found in dynamic approaches to understanding social capital

The responsible for organizations' interactions and behaviors are individuals that belong to their structure, so Leek and Canning (2009) say that each individual brings different personal qualities to a relationship which means that the social capital established and built up will vary.

Having in mind an organization and its strategic process, it is important to notice that those who work at the organization are really crucial to achieve the final goal, an excellent performance. According to some authors, only some members of the organizations assume a main role and contribute more for that final goal. Hambrick and Mason (1984) say that organizational outcomes depend on values and cognitive bases of the most powerful actors in the organization. They declare that there is a connection between the performance of an organization and the top managers that manage it, the so called Chief Executive Officers (CEOs).

2.2.1. Social Capital Advantage to Firms

The creation of benefits is the main concern of social capital (Leek & Canning, 2009).

Kwon and Adler (2002) also discuss the issue of the benefits and risks of social capital. One of the benefits of social capital is the information: to the actor in focus, social capital facilitates access to broader sources of information and improves the quality, relevance and timeliness of information. It can also be said that influence, control and

power are a second benefit of social capital. The third one is solidarity, that is, strong social norms and beliefs associated with a high degree of closure of the social network, encouraging contact with local customs and rules and reducing the need for formal controls (Kwon and Adler, 2002).

Those benefits from social capital lead to the individual achieving their goals (Leek & Canning, 2009). Social capital generates positive externalities for the members of a group, however it is possible that social capital may lead to benefits being conveyed to different parties depending on the situational context. This will be satisfactory as long as there is reciprocity, i.e., no party is consistently not receiving some benefit (Leek & Canning, 2009).

Thus, the outcome of social capital leads to a general improvement in competitiveness, it improves the relationship value which can be perceived in monetary terms or technical, service and social benefits, thus, it increases the efficiency of action (Leek & Canning, 2009).

Granovetter (1973) argues, in his “The Strength of Weak Ties”, that the degree of overlap of two individuals’ friendship networks varies directly with the strength of their tie to one another. The impact of this principle on diffusion of influence and information, mobility opportunity, and community organization is explored. According to him the strength of a tie is a (probably linear) combination of the amount of time, the emotional intensity, the intimacy (mutual confiding), and the reciprocal services which characterize the tie. Each of these is somewhat independent of the other.

The stronger the tie connecting two individuals is, the more similar they are, in various ways. If strong ties connect a group of individuals it means that they have similarities, so it increases the likelihood of a friendship. On the other hand, the weak ties are less likely to interact and less likely to be compatible (ibid).

Granovetter (1973) says that weak ties play a role in effecting social cohesion.. When a man changes jobs, he is not only moving from one network of ties to another, but also establishing a link between these.

Granovetter (1973) advocates that whatever there is to be diffused, can reach a large number of people, and traverse greater social distance, when passed through weak ties rather than through strong ones. Thus, individuals with many weak ties are best placed to diffuse a difficult innovation.

Note that, networks that include people who are not well-acquainted with each other usually provide a wider variety of resources, viewpoints, and information than less diverse networks composed mostly of family and friends, who know each other (Smeltzer *et al.*, 2010).

So, indirect ties are then of crucial importance not only in ego's manipulation of networks, but also because they are the channels through which ideas, influences, or information socially distant from ego may reach him. For instance, taking an example of job search, a natural a priori idea is that those with whom one has strong ties are more motivated to help with job information. But that's not completely true because those to whom we are weakly tied are more likely to move in different circles from our own and will thus have access to different information from that which we receive.

Raud-Matédi (2005) argues that since personal networks act as flow channels of information, the position of an individual on the network, and the network quality are fundamental elements. Thus, it is important to be less heavily on a network (friends or relatives, for example) to have access, through weak bonds (*ie*, known), the multiple networks. The weak ties are crucial because they establish bridges between networks, which provide access to different social worlds and a wider variety of information: the "strength of weak ties" (Granovetter, 1973). In this sense, the market (labor, for example) is not the result of rational choices by individuals considered independent, since social ties influence the trajectories.

As a consequence, entrepreneurs and their firms will benefit by being centrally located within loosely connected networks comprised of mainly weak relationships (Shaw *et al.*, 2009).

Entrepreneurs are advocated to access resources from other companies and agencies by creating a network of exchange relationships with them. Entrepreneurs embedded within such networks will benefit, for example, by having access to a greater amount and diversity of information, than those embedded within close-knit networks comprised of many strong relationships (Shaw *et al.*, 2009). Social skills seem to form an essential prerequisite for being able to work with other actors and to learn through these relationships (Ayvari & Moller, 2000).

2.2.2. Role of Networking in Promoting Entrepreneurship

Casson and Giusta (2007) say that in a social network the elements are generally people – either single individuals, or social units such as a families and clubs. The links between them involve communication.

The leaders of the organizations through their relationships, maintain in practice the organization networks (Casson & Giusta, 2007), so it may be said that organizational relationships depend on social relationships. The interpersonal aspect of a social network is always fundamental. Top managers develop their social capital cultivating personal, social and economic relationships with agents relevant to their business domain, which have the potential to benefit the firm (Paredes & Meneses, 2012)

Building managerial ties centers on networking, which can be defined as both an individual's attempt to mobilize personal contacts in order to profit from entrepreneurial opportunities and firm's efforts to cooperate with others in order to obtain and sustain a competitive advantage (Peng & Luo, 2000).

According to Peng and Luo (2000), managers' social ties, contacts, and networks are believed to affect firms' strategic choices and performance, and this effects differs among firms with different sizes.

Entrepreneurship is, in fact, socially embedded in network structures (Casson & Giusta, 2007). Given the importance of information to the entrepreneur, it is not surprising that networks are of considerable significance to entrepreneurial activity (Casson & Giusta, 2007). Social networks channel information to the entrepreneur that he can use to identify, for example, a profit opportunity.

Social networks influence several aspects of entrepreneurship. It is useful to distinguish opportunity seeking, resource acquisition and project implementation (Casson & Giusta, 2007). Social networks help the entrepreneur to make contact with reliable people.

It is, however, important to the entrepreneur that the people to whom he is talking, have relevant information to contribute to the conversation, namely this suggests that the people invited to a reception, or accepted for club membership, should be suitably influential or wealthy (Casson & Giusta, 2007). A diversity of members' interests is also useful, as the entrepreneur will learn little that is new by talking to people who have exactly the same background as him (Casson & Giusta, 2007).

Managers at other firms provide critical information to keep up with the regeneration of the capabilities and value proposition of the firm. Further, though these relationships CEOs can improve their diagnostic capabilities by receiving key information from suppliers, buyers and competitors (Paredes & Meneses, 2012).

Additionally, CEOs can increase the assessment of risks, and expand the field of the side effects of strategic and operational decisions, by seeking guide and advice from those buyers and suppliers that are closely related either to the CEO or to the firm (Paredes & Meneses, 2012).

Baron and Markman (2000) said that personal characteristics of entrepreneurs may also influence their success. While entrepreneurs' social capital (as based on their reputation, social networks, etc.) often helps them gain access to people important to their success their social competence then plays a key role in determining the outcomes they would experience.

Moreover, Baron and Markman (2000) also suggest that high social capital provides entrepreneurs with enhanced access to information and increased cooperation and trust from others. Moreover, entrepreneurs who possess high social capital (as based on extensive social networks, status, personal ties, and referrals) are more likely to receive funds from venture capitalists than entrepreneurs who are lower on these dimensions.

So, several lines of evidence point to the possibility that entrepreneurs who are adept of interacting with others may gain important benefits and so achieve greater financial success across a wide range of industries and settings (Baron & Markman, 2000).

2.2.3. Government in Social Networks

According to Woolcock and Narayan (2000), the government plays a role in facilitating positive developmental outcomes. They argue that the state has the power to facilitate the formation of alliances, besides the power to provide public goods and to maintain the rule of law.

Heads of government offices, industrial bureaus and commercial chambers have critical information about discussions, negotiations and lobbying efforts trying to turn the game rules on their side (Paredes & Meneses, 2012). These relationships may help CEOs to develop better diagnoses of the firm's environment bringing information about the way sectors are structured in different regions of the world.

Raud-Matteddi (2005) says that Granovetter shows that the state's role is crucial. The administrative and legal rules obviously influence the structure of economic groups, with regard to ownership, forms of authority and relationships with financial institutions. Often, key state actors are part of conglomerates, or maintain close personal relationships with members of groups, which necessarily tend to guide the direction of economic policy. These links often depend on the success or survival of groups. The state appears, therefore, as a key player in regulating the economy, whose role is essentially to enforce the rules, established by and for the strongest.

Regarding the decisions and operations faced by the CEO of the firm, it must be considered that individuals in government positions and regulative bodies have power to grant access to financial resources, to restrict certain diversification strategies, to block the participation in specific sectors of the economy and to impose standards when engaging in government projects and contracts. Also, Paredes and Meneses (2012) suggest that this particular type of relationship enables better performance by providing resources and information to manage environmental uncertainty.

2.2.4. Business associations and networks

There is a general international trend involving the business associations, including the rise of their power of lobbying (Pearson, 1994). These business associations have an extremely strong asset, their associative capacity or cohesion. Whenever they want to solve any situation they use that potential ability of collectivism in order to influence economic sectors (Bell, 1995).

Nowadays there are a lot of business associations in most countries, distributed locally and by sector across every region and industry of those countries (Bennett, 2006). They

are collective organizations, which usually admit new members voluntarily. However, each country has its own association culture, which results in different types of associations in what concerns to the number of members, the financial resources and the power to influence. Much of the business world is tightly affected by the degree of that power (ibid).

Being a member of a business association is voluntary, i.e. is based on a choice. So, the logic of influence focuses on the equal treatment of all its members, leveraging the power of the collective (ibid). However, all of this power and influence depends on their structural organization, and also on the role of the state and their affiliated firms (ibid). Through a trustworthy collective network, the business associations help in the development of weak ties (ibid). Networks may thus facilitate associations, and associations may facilitate networks.

An example suggested by Pearson (1994) is about the emergence of associations in the Chinese economy. It can be viewed in terms of a broader international trend toward greater influence on policy by private business associations. This trend has been noted in capitalist East Asia, where ever-stronger private business associations actively lobbying their government in their own interest.

The main focus of most associations is on information, advice, benchmarking, influencing government, conferences and social events (Bennett, 2006). It can be concluded that associations do have the capacity to influence the competitiveness of their members.

In terms of their representational/lobbying function, there are two reasons why membership of an industry association is attractive to businesses (ibid). Firstly, in a situation of a firm's problem, an association may appear and give credible voice to its particular concerns; secondly, businesses may share common concerns, for example, regarding infrastructure or 'business climate', which can be addressed more effectively by an association than by individual companies.

It is really important to refer that the ones who are closer to the associations have earlier information and may also influence the negotiations' direction. Although the main goal of these associations is the common good, many times that common good is established based on the necessities of the closest companies.

2.3. Conclusion and main hypothesis to be tested

Having in mind everything that has been said previously, it is noteworthy the role that social capital plays nowadays. All the relationships and networks are very important in the companies and entrepreneurs' path. Social capital has the ability to connect people and to influence everything that surrounds them.

All relationships with customers, suppliers, associations, state, among others, are building an entrepreneur's network of contacts, which contributes to help confront and overcome all barriers and needs that will arise. All this interaction allows the entrepreneur to acquire competitive advantages, which are represented by social capital.

So, it may be said that social capital is born from the social networks. Each individual constructs their social capital by the time they are being involved in different social networks, which are represented by different people. Thus, the role of social networking is crucially important, as it can influence the directions and options that the individuals who manage companies bear in mind. And all of these directions and options will induce different levels of performance.

The most visible type of relationships occurs between CEOs, CEOs and Government and CEOs and business associations.

It is trying to be shown that social capital, and the entire social network, influences a company's performance, existing different perceptions by dimension and sector. The interaction between CEOs, between CEOs and state and between CEOs and industry

associations, take a decisive character in the path of the company's performance. Thus, CEO's characteristics will have a great impact in all the process too.

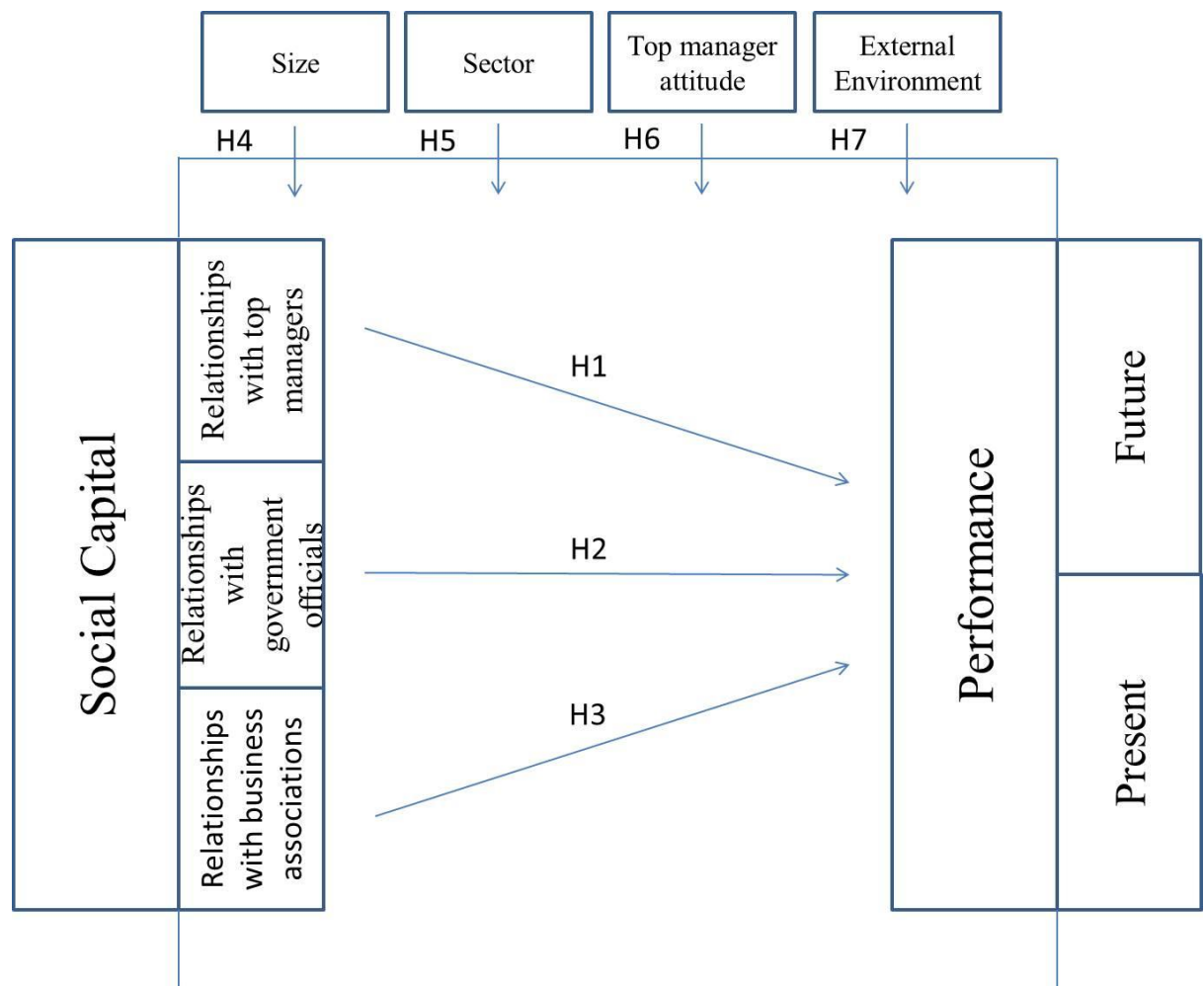
Firm size has long been found to be an important factor affecting firm survival and performance (Peng & Luo, 2000). Smaller firms may be more flexible and capable in constructing and improving ties than their larger, more bureaucratic counterparts (Peng & Luo, 2000). By contrast, larger firms tend to be more established, with more stable business partners and government connections and, as a result, they may not be as enthusiastic about cultivating managerial ties as their smaller competitors. Even if individual managers at larger firms become interested in developing certain ties, the impact of such ties on the overall firm performance may be less pronounced (Peng & Luo, 2000).

The environment within which the organization exists must not be ignored, and it has a particular relevance to small firms (Shaw *et al.*, 2009). It has long been recognized that as a consequence of their smaller scale, reduced bargaining power and limited market share, the environment in which small firms exist can have a disproportionate impact on their survival, sustainability and growth (Shaw *et al.*, 2009). Small firms can face particular challenges when negotiating market exchanges which can place them at a disadvantage in relation to larger competitors (Shaw *et al.*, 2009). This is particularly so if their access to resources becomes dependent on larger organizations which exploit a power imbalance to gain control over the terms by which these resources can be acquired (Shaw *et al.*, 2009). To overcome this, small firms often become dependent on ties of trust and co-operation and on the use of social networks as mechanisms for negotiating exchanges, acquiring tangible and intangible resources and facilitating trading (Shaw *et al.*, 2009).

This study aims to get more information about the relationships between CEOs, CEOs and Government and CEOs and Business Associations, and how they vary across the size of the firm, the sector of the company, the top manager attitude and the external

environment. In order to study this, an analysis framework has been developed, reflecting the whole set of hypothesis (figure 1).

Figure 1 - Social Capital/ Performance analysis framework



Source: Own elaboration

According to that there are seven hypotheses:

H1: The relationship between CEOs and top managers at other firms has a positive impact on firm performance.

A CEO position has a lot of importance according to the type and value of information that passes through him. A CEO acquires a lot of information and knowledge while he manages the firm. At the same time he has to deal with a wide range of people and institutions, from customers, suppliers, competitors, banks, politicians, etc.

So, if a CEO of one firm has a relationship with a CEO of a different firm, an exchange of that information and knowledge might happen. That exchange of knowledge will help the CEO to improve the performance of his firm.

H2: The relationship between CEOs and the Government officials has a positive impact on firm performance.

Whether people agree or not, whether with more or less control/power, the Government of a country is one of its most powerful institutions. Supposedly, the Government rules a country and has the key for every structural decision, influencing the course of that country. Here Government means central power, but also local power, as well as institutions controlled by it, as for example *AICEP – Agência para o Investimento e Comércio Externo de Portugal* (Portugal Agency for Investment and Foreign Trade).

Having that in mind, it is important that a CEO has some links in Government institutions, because he may have access to important information and may unlock some bureaucracies.

In this way, those advantages that come from those relationships will help the firm to achieve a better performance.

H3: The relationship between CEOs and Business Associations has a positive impact on firm performance.

Other important institutions that have a great power and may influence the decision process are Business Associations. There are different Business Associations, with different dimension and power. In this study, all the Business Associations are considered. There are some general associations such as *AEP – Associação Empresarial de Portugal* (Business Association of Portugal), or some sectorial associations like *PME – Portugal – Associação das Pequenas e Médias Empresas de Portugal* (Portuguese Small and Medium Enterprises Association) or *APCOR – Associação Portuguesa de Cortiça* (Portuguese Association of Cork), or even some local associations as *Associação Comercial do Porto* (Trade Association of Oporto) or *AIMinho – Associação Industrial do Minho* (Industry Association of Minho).

If CEOs want that their firms to have access to privileged information and to have a strong network position, they have to try to have a relationship with those business associations.

It is normal that if a firm constructs a relationship with a business association, through its CEO, its performance will be leveraged.

H4: The impact on firm performance, due to the relationships that CEO has with other people/institutions, varies with the dimension of the firm.

As is well known, there are different kinds of firms, small firms, medium firms and big firms. It is easy to accept that the SMEs have more difficulties to develop their business than other bigger firms. The SMEs have to fight daily for their survival. So it is of great importance to SMEs to consolidate relationships with other organizations, in order to gain legitimacy. It must be said that the construction of a powerful network is a huge step for the maintenance and success in the business world for SMEs.

On the other side, it is not trying to be said that the big companies do not have advantages with networking, because they also have. However, the impact on firm performance is supposedly bigger in SMEs, when it concerns to relationships that their CEOs have with other people/institutions.

H5: The impact on firm performance, due to relationships that CEO has with other people/institutions, varies with the sector of the firm.

Another hypothesis concerns to the sector of the firm and how it influences the firm performance due to the several relationships that CEOs have. There are many sectors, or the so called, industries, and the firms are classified in each one of them. In this study there were mentioned some industries, considered the most important, but it is important to be said that the “industry division” chosen could be other.

This research tried to prove that each one of those sectors influence their firms in different ways. That there are some sectors that allow their firms, due to some relationships they have, to obtain a better performance. This is only explained by the particularities of each industry, which were not deeply discussed in this study.

H6: The impact on firm performance varies with the attitude of the top managers

The strategic process of a company is not a mechanism that may be triggered every time a decision has to be taken. That strategic process involves people, who are responsible for all decisions. In other words, it means that behavioral factors are involved in this process. Thereby, all the strategic process of a firm depends on the way of thinking, feeling and acting of the top manager, namely their values (Hambrick and Mason, 1984).

H6a: The impact on firm performance varies with the attitude of the top managers regarding the activities of the firm related to information.

Having in mind that the information exchange is considered one of the great advantages of social capital, the way that CEOs manage the activities related to information may have an impact on firm performance, according to how often they do a variety of tasks. Those tasks may go from “meeting with customers just to learn how to serve them better” to “having hallway conversations with other teams about the tactics or strategies of our competitors”, among other important tasks. Dealing with those tasks every day or never dealing with them at all, may influence the firm performance.

H6b: The impact on firm performance varies with the attitude of the top manager regarding the activities of the firm related to resources.

In this hypothesis the most important aspect is to analyze the behavior of the CEO in what concerns to activities of the firm related to resources, and if he assigns a large weight on those activities. Those activities may go from “distribute budgets for projects and departments” to “work in the search and development of my successor”, among other important tasks. To the performance of the firm it may have a different impact if the CEO deals with those tasks once a week or once a year.

H6c: The impact on firm performance varies with the attitude of the top manager regarding the activities of the firm related to strategy.

The construction of a social network is itself a strategic activity and, consequently, its impact will depend on the importance that the top manager gives to each one of the activities of the firm related to strategy. This is very important when it comes to consider the performance of the firm. Those activities may go from “transform goals into plans” to “explore new sources of supply”, among other important tasks. In order to

influence the performance of the firm it is extremely important how frequently the CEO performs those activities.

H7: The impact on firm performance varies with the external environment.

H7a: The impact on firm performance varies with the external market environment.

The market environment involves the customer selection process and its preferences, namely in what concerns to the customer sensibility. The environment where the firm is placed is of great importance in order to evaluate the main conditions of that environment which may influence the firm performance. The market environment is one of the possible divisions that can be made in the external environment. Here it is more related to market instability.

H7b: The impact on firm performance varies with the external technological environment.

The technological environment covers the degree of technological development of an industry and how it influences the whole market. A market may have quite often a great number of new ideas and technological advances or, on the other side, may have a completely stagnant level of technology. When it is inserted into a technologically very active market, with more change, the first-hand information, privileged, has a much higher importance and can result in a competitive advantage. Thus, CEOs which have and use their contact networks may help their firms to stay one step forward and be better prepared for business changes.

The external technological environment is another factor that may influence the firm performance. This is another of the possible divisions of the external environment.

H7c: The impact on firm performance varies with the external competitive environment.

The competitive environment includes the sense of rivalry in a certain industry. Here it is possible to observe if there is an aggressive competition from companies, or if there is no competition because it turns that some companies are too weak to enter these wars. In a very competitive market is more difficult to get information through peers. Those who can, even in this environment, will coordinate their actions much better and predict other. Thus, any privileged information coming from other top managers, business associations or government officials, can make all the difference.

The last but not least, it was studied how the external competitive environment influence the firm performance. This was the third division that was chosen for the external environment.

3 - Methodology

3.1. Nature and Type of Research

This dissertation investigates how much the social networking of the CEOs affects the performance of the firm. The main goal was to observe, register and correlate some data and facts about the business world and the relationships it creates. It is necessary to know and understand the several situations and relationships that happen in networking world, and how social capital is fundamental on its leverage.

Thus, it was found important to study three types of relationships: relationships between CEOs of different firms, relationships between the CEOs and the Government and relationships between the CEOs and the Business Associations. In addition, it was studied how these types of relationships vary according to the dimension of the firm and the sector of the firm.

The purpose was to find a random sample of the population, and then extract actual empiric knowledge. This type of study allows us to have a generalized view about the researched reality.

Analyzing that research question and the purpose, the quantitative methodology was chosen, namely the descriptive research, and the hypothesis testing procedure. This method was found -easier, in order to collect all the data and information that was needed, then process it and finally make an explanation and conclusion about the results. So, the descriptive research allowed us to collect data with the aim to answer the question about the subject of study, using formal instruments to learn preferences, attitudes, practices, concerns or interests of the sample.

To analyze all the collected data, structural equation modeling (SEM) was used. It is a model that had a huge increase in the last years, namely in the approach to the strategic

management phenomena (Shook *et al.*, 2004). Most of the times, this multivariate method analyzes social, medical and behavioral data (Lee, 1990). The SEM deals with a process of interconnection between some variables (Bielby & Hauser, 1977), namely the correlated structure of the data (Lee, 1990). Those variables may be one or more independent variables, continuous or discrete, and one or more dependent variables continuous or discrete (Ulman & Bentler, 2013). On the other hand, all of those variables may be factors or measured variables (Ulman & Bentler, 2013). This model is also known as “causal modeling” (Shook *et al.*, 2004). So, the main purpose in using this model was to do some analysis of covariance structures, confirmatory factor analysis, path analysis and causal analysis (Ulman & Bentler, 2013).

According to the foregoing, the sample consisted of 83 CEOs. The sample size aspect is important in order to estimate the sample error and it influences the possibility of the model to be estimated properly (Heidt & Scott, 2007).

In conceptual terms, structural equation models can be grouped by the method used for the estimation of the parameters into two main categories: Covariance Structure Model (CSV) and Partial Least Squares model (PLS). I decided to do the SEM analysis through the partial least squares statistical method (PLS). PLS allows to explore the leverage of the variance of the dependent variables explained by the independent (Haenlein & Kaplan, 2004). In the PLS model the latent variables are estimated through the use of weighted relations (Haenlein & Kaplan, 2004). Just as any SME, the PLS is composed by two views, a structural part and a measurement component. The first one shows the inter-connection between the latent variables, and the second one allows to observe the relations between the latent variables and their indicators (Haenlein & Kaplan, 2004).

3.2. Location and Data Collection

Before the period of data collection, a range of steps that helped to get the final results was covered. Firstly, a questionnaire was constructed, based on the questionnaire of Paredes and Meneses (2012) about Mexico, and before spreading it into the companies, it was used as pre-test. The questionnaire used in this study was pre-tested with the main goal of reducing and eliminating all the semantic and structural errors, ensuring the absence of dubious questions or of very complex answer. Before the questionnaire was sent to the sample frame, it was sent to 2 academics and 2 CEOs.

Then some companies and CEOs were contacted, in order to have their cooperation. Finally when the collected data was considered sufficient, the analysis began.

There was no restriction about the geographic area of the study, since the data has been collected throughout the country. This was the real purpose; to obtain final results that may be used for Portugal.

3.3. Target population and respondent sample

Since it was decided to do this study, the population had to be chosen. Thus, the firm's responsible management was chosen, the Chief Executive Officer, more commonly known as CEO, because the person that occupies position in the firm has a wide and complete knowledge about it. He is the highest-ranking corporate officer (executive) or administrator in charge of total management of an organization. Typically, the CEO has responsibilities as a director, decision maker, leader, manager and executor. Naturally, he had to be a CEO of a Portuguese company.

In order not to limit the analyses' population, because not all firms have a Chief Executive Officer (has a position itself), mainly the smaller ones, it was considered has

a valid option for my population of study all the people that were in charge of total management of an organization, managers, administrators, etc. In other words, the person did not have to occupy a CEO position but had to have a similar role inside the firm. In this chapter every time that is referred “CEO” that concept is taken in mind.

Therefore, and having established the profile of the population, the collection of the sample frame was the next step. Simple criteria were used to “choose” the CEOs to answer the questionnaire. Some questionnaires were sent to some companies that have an account in a particular bank, taking advantage of some networks of contacts. The same was made with the social network Facebook, leveraging some particular networking, to send the questionnaire to companies belonging to family or acquaintances. Finally some business associations were searched on the internet in order to take advantage of their companies’ networks.

3.4. Variables of study

3.4.1. Social capital – independent variable

This analysis has considered variables related to three different types of relationships. There were described social relationships that CEOs develop with (a) top managers at others firms, with (b) government officials and with (c) business associations. The respondents were asked to identify in which extent they have relied on their personal ties, contacts or networks to solve an issue related to the business operation, in the last three years. Therefore, to examine this data a seven-point scale was used, from (1) rarely to (7) quite often. In this section seventeen points were presented, each of them connected to one of the three types of relationships.

The relationships with top managers at other firms considered top managers in buyers firms (a39), top managers in suppliers firms (b39), top managers in competitors firms, top managers in other firms (d39), top managers in financial institutions (e39) and employees in buyers/suppliers/competitors firms (h39).

The relationships with government officials conveyed politician leaders of central government (f39), politician leaders of local government (g39), employees of regulation/support in government agencies of local power (i39), employees in fiscal government agencies (j39), employees of regulation/support in government agencies of central power and employees in some government agencies, like AICEP (*Agência para o Investimento e Comércio Externo de Portugal*) (Portugal Agency for Investment and Foreign Trade) (p39).

The relationships with business associations considered employees in commerce chambers (k39), employees in industry associations (l39), top managers in industry associations (n39), researchers in investigation centers/universities (o39) and managers in non-industry associations, like AEP (*Associação Empresarial de Portugal*) (Business Association of Portugal) (q39).

All these three managerial-level relationships, with top managers at other firms (RWT), government officials (RWG) and business associations (RWA), represent inferred variables with six, six and five, respectively, reflexive manifest variables each.

3.4.2. Performance – dependent variable

Thus, the section four of the questionnaire requested the respondents to indicate the importance attached to some financial indicators in order to evaluate the firm's

performance. Those financial performance indicators were six: return on sales (a), return on investment (b), return on assets (c), growth of sales (d), growth of profits (e) and total amount of profits (f). It was also asked to the respondents in this section to state the extent of their satisfaction with the performance of the firm through the same six indicators. In the first case it was used a seven-point scale from (1) not important to (7) very important. In the second case it was also used a seven-point scale but from (1) very dissatisfied to (7) very satisfied.

With the aim of construct the variable Performance, the satisfaction scores were multiplied by their respective importance rating. Then a composite measure of firm performance was built by the average of the resulting six scales. This was the solution found to see a firm performance in a wide but at the same time focused view. This measure includes the importance given by the CEO to each of the six financial performance indicators, and weighted by their respective satisfaction with the same indicators. So it could be said that Performance is an inferred variable with six reflexive manifest variables.

Finally, it was decided to transform the variable Performance in two sub-variables: Present Performance and Future Performance; this was done because the financial indicators fit into that division. Return on sales, return on investment, return on assets and total amount of profits were Present Performance, and growth of sales and growth of profits were Future Performance.

3.4.3. Organizational size – contingency variable

To represent this contingency variable the number of employees of a firm was chosen.

In a first step, it was intended to generate this variable with two categories: Small and Medium Enterprises (SMEs) and Non - Small and Medium Enterprises (Non-SMEs).

Nonetheless, it became impossible to use that division because of the received results in the questionnaire. According to the recommendation of the European Commission 96/280/CE (03/04/1996), a SME has less than 250 employees. In the received results only 4 companies had more than 250 employees. So, in order to have a significant and a representative sample, and adjusting this research to the Portuguese Industry, it was decided to change those two categories to: Small Enterprises (SEs) and Other Enterprises (OEs). According to the same recommendation of the European Commission, a small enterprise has less than 50 employees.

The variable related with the size of the organization was constructed using a dummy variable; 1 referred to small enterprises (SEs) and 0 referred to Other Enterprises (OE). The classification of a firm may have some different criteria.

3.4.4. Organizational sector – contingency variable

The organizational sector variable was defined by assigning a number from 1 to 6 to each one of the industry sectors chosen; 1 was for agricultural sector, 2 to manufacturing sector, 3 to financial services sector, 4 to energy sector, 5 to construction sector and 6 to non-financial services sector. The CEOs only had to choose directly from the options given in the questionnaire.

3.4.5. Top manager attitude – contingency variable

Another variable analyzed was the top manager attitude related to information, resources and strategy, and how it dealt with those activities in its firm. Each one of those activities was separated from the others. So there was a table of activities of the firm related to information, another of activities of the firm related to resources and a

last one related to the strategy of the firm (figure 2). A seven-point scale was used, from (1) never to (7) daily, to analyze how often the top manager had done those activities.

Figure 2 - Table of activities (information, resources and strategy)

20. Firm's activities related to information	21. Firm's activities related to resources	22. Firm's activities related to strategy
a. Meet with customers to learn how to serve them better	a. Distribute budgets for projects and departments	a. Think about goals and transform them into plans
b. Meet with customers to know what products or services they will need in the future	b. Decide which programs assign resources	b. Think about goals and transform them into individual goals
c. Involve me in internal market research initiatives	c. Set new hires	c. Monitoring activities to support goals of top management
d. Analyze the quality assessment external reports of our products	d. Distribute equipment or materials for projects or departments	d. Undertake inter-departmental meetings to discuss not achieved goals
e. Meet with those who can influence the purchase of the final customer (eg, retailers, distributors, other distributors of our customers)	e. Prevent loss of human resources	e. Define corrective measures to achieve goals
f. Collect industry information through informal means (eg lunch with industry friends, conversations with trade partners)	f. Set priorities within the organization	f. Work on developing new products or services
g. Meet with our distributors to track technology trends	g. Undertake training activities for the management team	g. Justify and define new programs
h. Have "hallway conversations" with the management team about the tactics or strategies of our competitors	h. Undertake training activities for the rest of the team	h. Renegotiate goals to facilitate new projects
i. Have "hallway conversations" with other teams about the tactics or strategies of our competitors	i. Working in the search and development of my successor	i. Approve resources for test projects
j. Undertake inter-departmental meetings to discuss trends and market developments	j. Help to correct the mistakes of the management team before other detect them	j. Explore new supply sources
k. Distribute formal information (eg reports, newsletters) to levels of management with information about our customers	k. Give performance feedback to the management team	
l. Making inter-departmental meetings to discuss data on consumer satisfaction		

Source: own elaboration

3.4.6. External environment – contingency variable

Finally it was observed the external environment of the firm. The focus was directed to three parts of the external environment of the firm, market environment, technological environment and competitive environment. Like the previous variable, there was also a separation between those types of environments (figure 3). For each type another seven-point scale was constructed, from (1) totally disagree to (7) totally agree.

Figure 3 - Table of external environments (market, technological and competitive)

36 - Market Environment	37. Technological Environment	38. Competitive Environment
a. In our type of business, customer preferences for the product change somewhat over time	a. The technology in our industry changes rapidly.	a. Competition in our industry is very aggressive.
b. Our customers tend to look for new products over time.	b. Technological changes provide big changes in our industry.	b. In our industry there are enough wars based in promotions.
c. Sometimes our customers are very price sensitive, but on other occasions the price is relatively unimportant.	c. It is very difficult to predict how technology will be developed in our industry in the next two or three years.	c. Anything that one competitor can offer, others can match readily.
d. New customers tend to have different product-related needs from our existing clients.	d. A large number of product ideas have been made possible due to technological advances in our industry.	d. The competition based on price is the brand image of our industry.
e. We supply to many of the same customers that we used to supply in the past.	e. Our industry has few technological developments.	e. There are news of a fresh competitive move almost every day
f. It is very difficult to predict changes in this market.	f. Technological changes in our industry are frequent.	f. Our competitors are relatively weak.

Source: own elaboration

4 - Data analysis and empirical results

4.1 Sample descriptive analysis

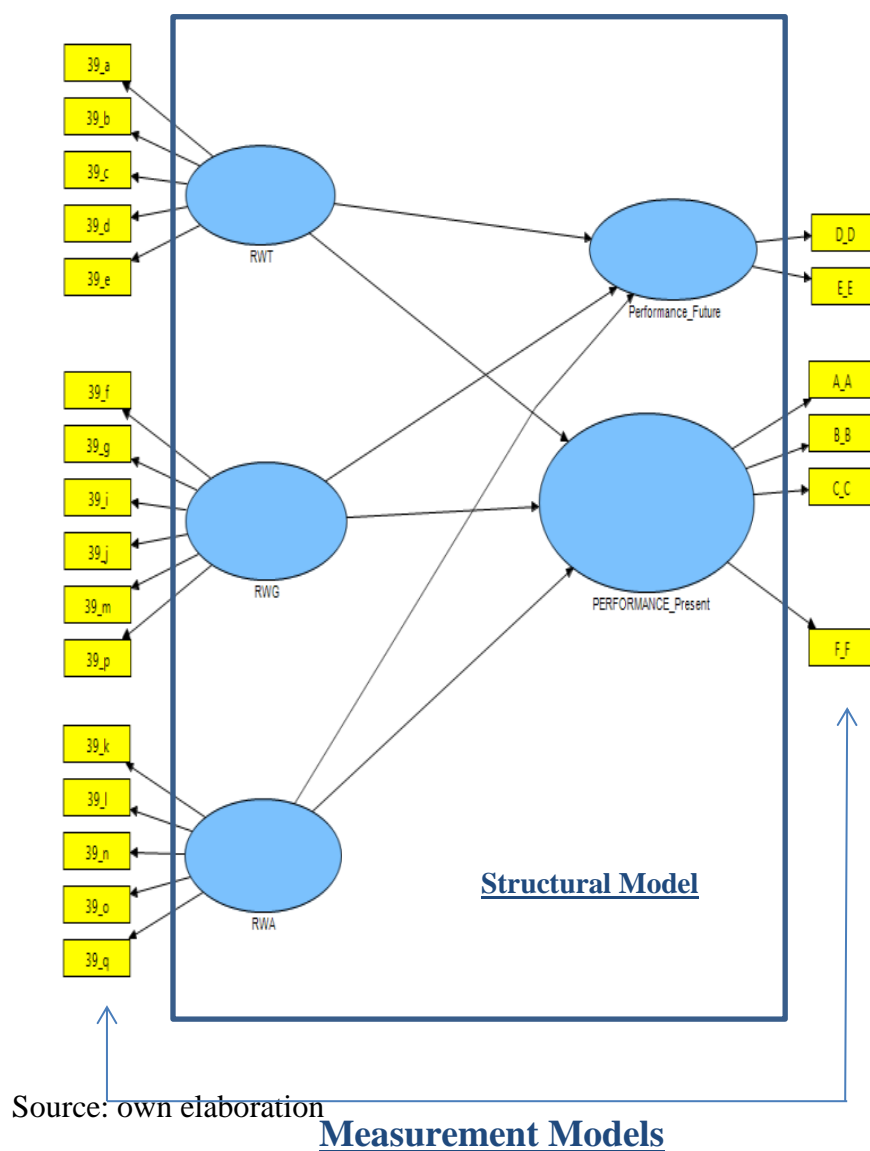
The sample frame was constituted by 580 Portuguese Chief Executive Officers from different industries. However, only 91 companies returned the survey with answers. It represents a 16% response rate. On the other hand, 8 questionnaires had to be removed from this research because of missing information or because the given answers did not fulfill the question's aim, meaning an elimination rate of about 9%.

From the 83 CEOs that completed successfully the questionnaire, 50 work in firms that operate in non-financial service sector, 9 in financial service sector, 11 in construction sector, 1 in energy sector, 11 in manufacturing sector and 1 in agriculture sector. Regarding to age, those CEOs had between 26 and 71 years, the mean was 44 years, the median 42 years and the mode were 34, 38 and 40 years, with 5 respondents each. The most part of CEOs had more than 35 years, namely 76% of the sample. The most experienced had 40 years of experience working as a Chief Executive Manager, and the youngest only 1 year. The mean of the number of years as CEO was 12, and the mode were 3, 6 and 7 years. Respecting to the educational level, 64% had higher education, while 5 CEOs had the basic education level and 25 CEOs the secondary education level. The CEOs with higher education were distributed by, Finance/Management – 30,1%, Engineering – 12%, Marketing – 4,8%, Law – 3,6%, and Other – 13,3%.

4.2 Estimation

It was decided to organize the analysis in three stages. First of all the measurement model (figure 4) was run, then the structural model and finally a multi-group analysis was performed.

Figure 4 - Model to estimate



4.2.1 Measurement Model

The first step was an exploratory factor analysis. This statistical technique helps the emergence of any latent variables that are responsible for the manifest variables to exhibit covariation (Costello & Osborne, 2005). When the factor extraction is in progress the shared variance of a variable is split in parts from its variance and error variance just to help to obtain the fundamental factor structure (Costello & Osborne, 2005). So, only some of the factors of the measured variables are necessary, i.e., the ones that strengthen the correlation (Hayton *et al.*, 2004).

The variables that were adjusted to factor reduction were four: Performance (dependent variable, divided into PP and PF), RWT, RWG and RWA (independent variables). So, in order to initially study the relationship between the independent variables and the dependent variables, all the Kaiser Meyer Olkin (KMO) values and all the Bartlett's Test of Sphericity values were analyzed. There was the need to evaluate if the factor reduction process was successful and if the new factors were statistically relevant. The collected values for these tests and for all the variables are in the table 1. Consulting this table, it is easy to verify that all the values for KMO are acceptable, thus, they are all good values for measure of sampling adequacy (Tuluca & Zwick, 2001, and Domroes *et al.*, 1998). The Bartlett's Test of Sphericity values are all equal to zero, so below 0.001, being possible to prove their significance (Arumugam *et al.*, 2008).

Table 1 - KMO and Bartlett's Test of Sphericity

	KMO	Bartlett's Test of Sphericity
Performance	0,777	0
RWT	0,825	0

RWG	0,848	0
RWA	0,724	0

Source: own elaboration

In the assessment of the measurement model, we ran the confirmatory factor analysis to validate the relationships between the observed variables and their underlying latent constructs (Anderson, 1987). Thus, good values for the reliability were found, observing the data given by the composite reliability. All the results were greater than 0.6 suggested by Yusoff (2011) and were even greater than the value of 0.7 recommended by Sridharan *et al.* (2010). The value of the reliability of the constructs was 0.8956 for RWA, 0.9232 for RWG and 0.8824 for RWT.

Concerning to the convergent validity, which is demonstrated by the loadings of the constructs, the averaged variance extracted (AVE) and the communalities, there were also good values. The most part of the loadings values were above 0.8, therefore they were good values according to Zhang (2009). Analyzing the AVE, the capital social variables presented positive marks. For RWA the value of AVE was 0.6324, for RWG was 0.6710 and for RWT was 0.6061. So, having in mind Yusoff (2011), all those values are above the minimum value for AVE, 0.5. On the other hand it is necessary to search for communalities values higher than 0.5 (Drouin, 2012). That goal was accomplished because the communality value for RWA was 0.6324, for RWG was 0.6710 and for RWT was 0.6061. Thereby, it could be declared that the convergent validity was observed.

The discriminant validity, which is demonstrated by the square root of the AVE being greater than any of the construct correlations (Fornell & Larcker, 1981), was also confirmed because the square of the construct correlations of RWA, RWG and RWT was, in all the cases, equal to 0 (below, respectively, 0.6324, 0.6710 and 0.6061).

Analyzing the Cronbach's alpha it may also be said that the items in the scale had a good internal consistency, because the values vary from good (>0.8) to excellent (>0.9) (Gliem & Gliem, 2003). The Cronbach's alpha for RWA, RWG and RWT were, respectively, 0.8661, 0.9075 and 0.8564.

All these tests results are presented in Table 2.

Table 2 - Measurement Model Evaluation (Social Capital)

	AVE	Composite Reliability	R Square	Cronbachs Alpha	Communality	Redundancy
RWA	0,6324	0,8956	0	0,8661	0,6324	0
RWG	0,671	0,9232	0	0,9075	0,671	0
RWT	0,6061	0,8824	0	0,8564	0,6061	0

Source: own elaboration

Respecting Performance, were observed values for its two variables: Performance_Present (PP) and Performance_Future (PF). Observing the composite reliability (CR) of these variables, it may be said that also here we had good values for reliability, assessing the values of PP and PF, respectively, 0.8407 and 0.9013. Only one loading, of the two variables, was below 0.7. The AVE value for PP was 0.5893 and for PF was 0.8204, which means that the both were greater than 0.5. The communality value for PP was 0.5893 and for PF was 0.8204, both above 0.5. Thus, it may be stated that the convergent validity was observed. Another confirmed field is the discriminant validity because, the squares of the construct correlations of PP and PF ($PP=0.0569$; $PF=0.0501$) were smaller than the AVE values. Concerning to the Cronbach's alpha, the obtained values were 0.8489 for PP and 0.7812 for PF, in other words and respectively, a good and an acceptable value. All these values are presented on Table 3.

Table 3 - Measurement Model Evaluation (Performance)

	AVE	Composite Reliability	R Square	Cronbachs Alpha	Communality	Redundancy
Performance_Present	0,5893	0,8407	0,0569	0,8489	0,5893	0,0005
Performance_Future	0,8204	0,9013	0,0501	0,7812	0,8204	-0,01

Source: own elaboration

Therefore, we can accept these measurement models in relation to the constructs of the structural model.

4.2.2 Structural Model

The second step was to analyze the structural model, focusing on the hypothesis testing. We started to consider the general model, namely the relationships between the dependent variable, social capital, and the independents variables, Performance_Present and Performance_Future. So, in this phase, the hypothesis 1, 2 and 3 were tested.

The results (see Table 4) given by the structural equation model were close of the final expectations. The standard weights values were positive in almost all the relationships, except in the relationships between RWA and PF and RWG and PP. In other words, the relationships of CEOs with business associations influence negatively the future firm performance; and the relationships of CEOs with government officials affect negatively the present firm performance. In Mexico research (Paredes and Meneses, 2012), the results were the same for the relationships between government officials. However, and more importantly, all the t-statistics, to a level of significance of 0.05, were below 1.96. Therefore, and contrary to all expectations, none of the values was statistically significant.

In this study, the generic model did not allow to highlight conclusions. Contrary to most expectations and to the other studies previously mentioned, the relationships of CEOs with top managers at other firms, with government officials and business associations, were not significant so that firm performance was affected.

These results are not, therefore, in accordance with the findings of Peng and Luo (2000) from China, nor with the Acquah (2007) from Ghana and nor with Paredes and Meneses (2012) from Mexico. Of course that Portugal has different social-economic conditions when compared to China, Ghana and Mexico. Portugal is a European economy with a high development level, whereas Mexico is a Central-American developing economy, China is an Asian emergent economy and Ghana is a poor African economy. But not everything may be explained by those differences. One important factor for that conclusion may be the research sample. The collected data was cross sectional and came from a non-random sample. On the other hand, the size of the sample could be a block for statistical evidence achievement.

Table 4 - Structural Model Estimation

	Standard Weights	t-Statistics
RWA -> Performance_Present	0,2365	0,7547
RWA -> Performance_Future	-0,0377	0,1214
RWG -> Performance_Present	-0,2539	0,953
RWG -> Performance_Future	0,2221	1,001
RWT -> Performance_Present	0,1183	0,5065
RWT -> Performance_Future	0,0529	0,3432

Source: own elaboration

4.2.3 Multi-group analysis

With such results, it was decided to pass to another phase, and a multi-group analysis was done, aiming to get some significant conclusions. Here some contingency variables tested, namely the size of the firm, the sector of the firm, the top manager attitude and the external environment.

4.2.3.1 – Factor Analysis

A factor analysis has also been conducted. With the help of that analysis, the top manager attitude was divided in components (namely its variables: Information Activities, Resource Activities and Strategy Activities) and the external environment (namely its variables: Market Environment, Technological Environment and Competitive Environment).

Table 5 - KMO and Bartlett's Test of Sphericity - Factors

	KMO	Bartlett's Test of Sphericity
Information Activities	0,795	0,000
Resource Activities	0,829	0,000
Strategy Activities	0,837	0,000
Market Environment	0,696	0,000
Technological Environment	0,841	0,000

Competitive Environment	0,749	0,000
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Source: own elaboration

All the factors had accurate values for KMO and Bartlett's Test of Sphericity (table 5). The KMO for Information Activities was 0.795, for Resource Activities was 0.829, for Strategy Activities was 0.837, for Technological Environment was 0.841, for Competitive Environment was 0.749 and for Market Environment was 0.696. However, this last variable had some initial problems with the KMO value. This was just below 0.7. Therefore, some correlation analyzes, between different indicators from that variable were made. From the correlation analyzes (table 29 in attachment) made to the variable Market Environment, it was noticed that the indicator 36e had some unequal values comparatively with other 5 indicators. Thereby, a factor analysis was performed just with those 5 indicators. Nonetheless the KMO value was unsatisfying (0.684). The next step was to make another correlation analyzes (table 30 in attachment) and another indicator (36c) was removed. In the subsequent factor analysis, the value for KMO was even worst (0.661). Thus, through another correlation analysis the decision was to add again the indicator 36c and remove the indicator 36f instead (table 31 and 32 in attachment). After that change, the KMO value from the factor analysis was satisfactory (0.696). Then, we decided to remove two indicators from Market Environment, so that it presented the best possible value for KMO. This process is reflected in Table 6.

Table 6 - Process of Factor Construction - Market Environment

Market Environment		KMO	Bartlett's Test of Sphericity
6 initial indicators	36a, 36b, 36c, 36d, 36e, 36f	0,682	0,000
5 indicators	36a, 36b, 36c, 36d, 36f	0,684	0,000

4 indicators	36a, 36b, 36d, 36f	0,661	0,000
4 final indicators	36a, 36b, 36c, 36d	0,696	0,000

Source: own elaboration

4.2.3.1.1. Top Manager Attitude

From here an exploratory factor analysis was conducted for the top manager attitude. The new factors, based in eigenvalues greater than 1, were extracted using the Extraction Method of Principal Components, considering a maximum of 25 iterations for convergence. It was also used the Varimax rotation method.

Therefore, for the activities of the firm related to information, 3 factors resulted: General Strategic Analysis (20c, 20d, 20e, 20f, 20g, 20h), Interdepartmental Information Flow (20i, 20j, 20k, 20l) and Customer Perception (20a, 20b). Each one of these factors was subjected to a confirmatory factor analysis. For that purpose, the calculation of AVE, CR e Cronbach's Alpha was done.

Table 7 - AVE, CR and Cronbach's Alpha for Information Activities

	AVE	Composite Reliability	Cronbachs Alpha
Customer Perception	0,898	0,9463	0,8876
General Strategic Information	0,5644	0,8837	0,8413
Interdepartmental Infor. Flow	0,6693	0,8894	0,8323

Source: own elaboration

By analyzing all the reliability values for the activities related to information, it was possible to confirm that the results were satisfactory. The AVE values for the three

factors were above 0.5; the CR values were above 0.7; and the Cronbach's Alpha values were above 0.7 (table 7).

Regarding the firm activities related to resources 2 factors were found: Present Resources (21a, 21b, 21c, 21d, 21e, 21g) and Future Resources (21f, 21i, 21j, 21k). Each one of these factors was subjected to a confirmatory factor analysis. For that purpose, the calculation of AVE, CR e Cronbach's Alpha was done.

Table 8 - AVE, CR and Cronbach's Alpha for Resources Activities

	AVE	Composite Reliability	Cronbachs Alpha
Future Resources	0,5801	0,8443	0,7492
Present Resources	0,6217	0,9198	0,8981

Source: own elaboration

Analyzing all the reliability values for the activities related to resources, it was possible to confirm that the results were satisfactory. The AVE values for the three factors were above 0.5; the CR values were above 0.7; and the Cronbach's Alpha values were above 0.7 (table 8).

Concerning the firm activities related to strategy, 2 factors were discovered: Management Strategy (22a, 22b, 22c, 22d, 22e, 22g, 22h, 22i) and Product Strategy (22f, 22j). Each one of these factors was subjected to a confirmatory factor analysis. For that purpose, the calculation of AVE, CR e Cronbach's Alpha was done.

Table 9 - AVE, CR and Cronbach's Alpha for Strategy Activities

	AVE	Composite Reliability	Cronbachs Alpha
Management Strategy	0,6171	0,9263	0,9093
Product Strategy	0,8211	0,9018	0,7824

Source: own elaboration

Analyzing all the reliability values for the activities related to strategy, it was possible to confirm that the results were satisfactory. The AVE values for the three factors were above 0.5; the CR values were above 0.7; and the Cronbach's Alpha values were above 0.7 (table 9).

4.2.3.1.2. External Environment

In the case of external environment, we also proceeded to an exploratory factor analysis. The new factors, based in eigenvalues greater than 1, were extracted using the Extraction Method of Principal Components, considering a maximum of 25 iterations for convergence. It was also used the Varimax rotation method. After having secured that the factor analysis could be done. From here, only one factor emerged. In order to test the quality of the construct, we performed as usual the confirmatory factor analysis. So, the calculation of AVE, CR and Cronbach's Alpha was made.

Having in mind the Market Environment, it may be said that only one factor emerged: Customer Sensibility (36a, 36b, 36c, 36d). Again, this factor was subjected to a confirmatory factor analysis.

Table 10 - AVE, CR and Cronbach's Alpha for Market Environment

	AVE	Composite Reliability	Cronbachs Alpha
Customer Sensibility	0,5427	0,8169	0,71

Source: own elaboration

Analyzing all the reliability values for the market environment, it was possible to confirm that the results were satisfactory. The AVE value for the only factor was above 0.5; the CR value was above 0.7; and the Cronbach's Alpha value was above 0.7 (table 10).

Concerning to the Technological Environment, 1 factor appeared: Technology (37a, 37b, 37c, 37d, 37e, 37f). This factor was subjected to a confirmatory factor analysis.

Table 11 - AVE, CR and Cronbach's Alpha for Technological Market

	AVE	Composite Reliability	Cronbachs Alpha
Technology	0,6566	0,8833	0,7633

Source: own elaboration

Analyzing all the reliability values for the technological environment, it was possible to confirm that the results were satisfactory. The AVE value for the only factor was above 0.5; the CR value was above 0.7; and the Cronbach's Alpha value was above 0.7 (table 11).

Regarding the Competitive Environment, 2 factors emerged: one with five variables (38a, 38b, 38c, 38d, 38e) and the other with only one (38f). So, it was decided to consider only the first one, which was subjected to a confirmatory factor analysis. For that purpose, the calculation of AVE, CR e Cronbach's Alpha was done.

Table 12 - AVE, CR and Cronbach's Alpha for Competitive Environment

	AVE	Composite Reliability	Cronbachs Alpha
Competition	0,3681	0,6904	0,8005

Source: own elaboration

Analyzing all the reliability values for competitive environment, it was possible to confirm that the results were satisfactory. The AVE value for the only factor was below 0.5, nonetheless, it was not considered as having a great influence; the CR value was above 0.7; and the Cronbach's Alpha value was above 0.7 (table 12).

After the factor analysis, the next stage was to proceed to cluster construction. Thus, each one of the factors previously found was subjected to a cluster construction, in order to start the multi-group analysis. Using the K-Means cluster analysis (considering a maximum of 10 iterations), each factor was divided into two clusters that signal opposite behaviors. In the table 13 it is possible to see the factors constructed for each variable

Table 13 - Table of Factors and Clusters

Contingency Variable	Variable Name	Factors	Clusters
Size	Number of Employees	Number of Employees	SMEs
			Non-SMEs
Sector	Construction	Construction	Construction
	Manufacturing	Manufacturing	Manufacturing
	Financial Services	Financial Services	Financial Services
	Non-Financial Services	Non-Financial Services	Non-Financial Services
Top Manager Attitude	Information Activities	General Strategic Analysis	Great Concern
			Low Concern
		Interdepartmental Information	Great Concern
			Low Concern
	Resources Activities	Customer Perception	Great Concern
			Low Concern
		Present Resources	Great Concern
			Low Concern
	Strategy Activities	Future Resources	Great Concern
			Low Concern
External Environment	Market Environment	Customer Sensibility	Strong
			Weak
	Technological Environment	Technology	Strong
			Weak
	Competitive Environment	Competition	High Sensibility
			Low Sensibility
			Very Dynamic
			Very Stable

Source: own elaboration

4.2.3.2 – Moderator Effects

4.2.3.2.1. Size

The number of employees was used as a variable to test the contingency of size. As is it possible to see in table 14, only one of those relationships is statistically significant. An important relationship between the RWT and the PF emerged, when regarding Other Enterprises. For a significance level of 0.05, the t-statistic value was 2.2537, above 1.96, thus, it was statistically significant. So, the Hypothesis 4 was partially confirmed.

Table 14 - Standard Weights and t-Statistics for Number of Employees (Small Enterprises and Other Enterprises)

	Other Enterprises		Small Enterprises	
	Standard Weight	T Statistics	Standard Weight	T Statistics
RWA -> PP	0.663	1,0029	0.224	1.1064
RWA -> PF	-0.567	0,7414	-0.048	0.2252
RWG -> PP	-0.609	0,8738	-0.344	1.0606
RWG -> PF	0.140	0,2743	0.296	1.3082
RWT -> PP	0.148	0,7816	0.260	1.0704
RWT -> PF	0.624	2,2537	0.047	0.3183

Source: own elaboration

The emergence of this relationship between the RWT and the Present Performance was expected. However, contrary to previous studies (Peng and Luo, 2000; Paredes and Meneses, 2012), the achieved result was that relationships of CEOs with top managers

at other organizations seem more relevant to performance for Other Enterprises. Nevertheless, must be said that the division of the variable “Number of Employees” on those previous studies was different. Those studies considered SMEs (number of employees below 250) and Non-SMEs (number of employees above 250). This might mean that the results for this multi-group analyzes from previous studies and from this research may be similar, because the variable “Other Enterprises” of this research may include some firms of the variable “SMEs” from those previous studies.

The relationships of CEOs with top managers at other organizations are more important in Other Enterprises in order to positively affect the future performance because of the larger network of contacts those types of firms may construct. Bigger firms have a great ability to influence the business world, namely through their lobby ability and financial power. These actions only have an impact on future because to construct a strong relationship with customer, suppliers and even competitors requires a long way in building trust.

On the other hand, the fact that small enterprises do not have significant conclusions might come from their internal structure and organization. The small enterprises have to fight daily for their survival, focusing their resources and time on that goal. Thus, these firms would spend a large amount of resources and time if they wanted to construct such relationships.

4.2.3.2.2. Sector

Regarding the sector of the firm, we excluded, at the beginning, the agriculture industry and the energy industry, because there was only one observation for each.

When we analyzed the construction industry, we discovered a relevant relationship between the RWA and PP. For a significance level of 0.05, this relationship presented a value of 2.279, above 1.96 (table 15).

Manufacturing industry, presented a negative relationship between RWG and PF. For a significance level of 0.05, the t-statistics found for this relationship was 2.2847, above 1.96 (table 15)

The financial services industry showed a t-statistics for the relationship between RWG and PF of 2.5749, so above 1.96, for a significance level of 0.05 (table 16)

Therefore, it could be said that Hypothesis 5 was partially confirmed.

Table 15 - Standard Weights and t-Statistics for Sector of the firm – Construction and Manufacturing

	Construction		Manufacturing	
	Standard Weight	T Statistics	Standard Weight	T Statistics
RWA -> PP	0.4398	2.279	0.0851	0.0904
RWA -> PF	0.2203	0.5498	0.8026	0.9679
RWG -> PP	0.0308	0.205	-0.5331	0.4863
RWG -> PF	0.3992	0.7753	-0.7147	2.2847
RWT -> PP	0.4708	1.9159	-0.5525	1.0519
RWT -> PF	0.2345	0.4433	-0.5073	0.8214

Source: own elaboration

Table 16 - Standard Weights and t-Statistics for Sector of the firm – Financial Services and Non-Financial Services

	Financial Services		Non-Financial Services	
	Standard Weight	T Statistics	Standard Weight	T Statistics
RWA -> PP	0.0215	0.0195	0.2444	0.731
RWA -> PF	-0.2267	0.2951	0.2045	0.5019
RWG -> PP	0.4411	0.6639	-0.3972	1.3187
RWG -> PF	0.8108	2.5749	-0.0512	0.1514
RWT -> PP	-0.6396	0.7851	0.2190	0.861
RWT -> PF	-0.2745	0.6574	0.0568	0.268

Source: own elaboration

Thus, when the multi-group analysis was applied, the achieved results were interesting. There were many conclusions that could be accomplished. If there was an analysis by sector of the firm, it would be possible to be said that in the construction industry, the relationships of CEOs with business associations affect the actual performance of the firm. That may happen because of the many lobbies that are created by some construction groups, in order to win contests for important constructions. That kind of pressure must be done every day.

Moreover, in the manufacturing industry and in the financial services industry, the CEOs relationships with government officials influence the future performance of the firm. However, and contrary to all expectations, in the manufacturing industry that relationship has a negative impact on future performance. It may happen due to lack of commitment. The fact of having good relationships with government officials may lead to an attitude of overconfidence in having guaranteed future profitability. This might be a subject for future deep exploratory research.

On the other hand, one evident conclusion for financial services sector is that they need to pressure the Government to try to get better negotiation conditions.

4.2.3.2.3. Top Manager Attitude

The Top Manager Attitude was also part of multi-group analysis, namely its variables information activities, resource activities and strategy activities.

Information Activities

Regarding to firm activities related with information, there were analyzed 3 factors: general strategic analysis, interdepartmental information flow and customer perception.

For the Interdepartmental Information Flow, considering firms with great concern, it was found a relevant relationship between the RWT and PP. For a significance level of 0.05, this relationship presented a value of 2.1027, above 1.96. Nonetheless, the standard weight for this relationship was negative (table 17).

About Customer Perception, firms with only Low Concern presented a positive relationship between RWA and PP and also between RWA and PF. For a significance level of 0.05, the t-statistics met for the first relationship was 2.0262, above 1.96. For the second one, 1.9605, also above 1.96 (table 17).

So, Hypothesis 6a was partially confirmed.

Table 17 - Standard Weights and t-Statistics for Information Activities

	General Strategic Analysis				Interdepartmental Information Flow				Customer Perception			
	Great Concern		Low Concern		Great Concern		Low Concern		Great Concern		Low Concern	
	S.W.	t-S	S.W.	t-S	S.W.	t-S	S.W.	t-S	S.W.	t-S	S.W.	t-S
RWA -> PP	-0.4386	0.8568	0.2643	0.8945	0.4169	1.3738	-0.3708	1.178	0.0196	0.0618	0.5076	2.0262
RWA -> PF	-0.3365	0.6364	0.1956	0.6822	0.3841	1.8742	-0.4736	1.4506	-0.2545	0.9252	0.4560	1.9605
RWG -> PP	0.3927	0.8456	-0.1461	0.522	0.0359	0.1117	0.1031	0.3946	-0.3248	0.7969	-0.0463	0.178
RWG -> PF	0.3805	0.7725	0.0677	0.2808	0.2705	0.9628	0.3619	1.392	-0.0125	0.0374	0.2815	1.3921
RWT -> PP	0.0282	0.0815	0.0564	0.3524	0.4338	2.1027	0.2953	0.9178	0.2032	0.7157	-0.0033	0.0125
RWT -> PF	-0.1110	0.3708	0.0761	0.4647	-0.4293	1.4225	0.1929	0.6235	0.3923	1.5553	-0.3407	1.2827

Source: own elaboration

When there is a great concern with the interdepartmental information flow, the relationships of CEOs with top managers at other organizations influence the future performance of the firm. However, that influence is negative. That may be explained by an excessive concern with internal procedures, which may undermine the use of external networks.

A CEO which has low concern with customer feedback sees the relationships that he has with business associations influence the overall firm performance. Sometimes the firms do not have to know about the opinions and preferences of the customer, because customers do not always have enough power to influence. In those cases, the increase of the performance may be obtained through the relationships with business associations, which may help the firm to get access to the best markets. These business associations may also help the firm to receive in first-hand all the news and innovations from its industry.

It is interesting that in the case of companies with a more general overview of the use of strategic information, no relationship statistically significant was found.

Resource Activities

In the variable resource activities, there were analyzed 2 factors: Present Resources (concerns with) and Future Resources (concerns with).

It was found only one significant relationship, namely in Future Resources_Great Concern, between RWA and PF. For a significant level of 0.05, the value for the t-statistic found was 2.0233, above 1.96 (table 18).

Thus, the Hypothesis 6b was partially confirmed.

Table 18 - Standard Weights and t-Statistics for Resource Activities

	Present Resources				Future Resources			
	Great Concern		Low Concern		Great Concern		Low Concern	
	S.W.	t-S	S.W.	t-S	S.W.	t-S	S.W.	t-S
RWA -> PP	-0.6175	1.3462	0.1875	0.7387	0.7589	1.8647	0.3058	0.8408
RWA -> PF	0.5299	1.0875	-0.0368	0.1609	0.7494	2.0233	0.2866	0.8294
RWG -> PP	-0.3997	1.2719	-0.3245	0.9379	-0.5922	1.2663	-0.0143	0.0594
RWG -> PF	0.2928	1.2169	0.2128	0.7501	-0.5729	1.4959	0.2478	0.7853
RWT -> PP	-0.1292	0.5095	0.3479	1.0733	-0.0360	0.1259	0.2038	0.7741
RWT -> PF	0.3492	1.6417	0.1032	0.3741	0.2128	0.8018	0.0722	0.3312

Source: own elaboration

Analyzing the activities of the firm related to resources, it was concluded that when there is a great concern with the future resources, the relationships of the CEOs with

business associations affect the future performance of the firm. In this case, the business associations may operate as a consultant, helping the company to correct its errors and to use some new organizational processes.

Strategy Activities

The activities of the firm connected to strategy had also 2 factors: Management Strategy and Product Strategy.

In what concerns to those types of activities, there were found 5 significant relationships, always at a significance level of 0.05.

The firms with strong concern with Management Strategy presented a t-statistic value of 2.102 for the relationship between RWG and PP (table 19). The same variable presented a t-statistic value of 2.1582 for the relationship between RWG and PF (table 19).

Another significant relationship was found in firms with weak Management Strategy, between the RWG and PF, with a t-statistic of 1.9912 (table 19).

One more relationship found was between RWG and PF in firms with strong Product Strategy concerns, with a t-statistic of 2.7143 (table 19).

Finally, in firms with weak Product Strategy concerns, another significant relationship between RWT and PP was detected, with a t-statistic of 2.8485 (table 19).

Thereby, the Hypothesis 6c was confirmed for all these 5 relationships.

Table 19 - Standard Weights and t-Statistics for Strategy Activities

	Management Strategy				Product Strategy			
	Strong		Weak		Strong		Weak	
	S.W.	t-S	S.W.	t-S	S.W.	t-S	S.W.	t-S
RWA -> PP	-0.0082	0.0345	-0.3565	1.1849	-0.2985	1.0681	0.4033	1.7697
RWA -> PF	0.1746	0.5913	-0.4509	1.455	-0.4483	1.3253	0.3186	1.1451
RWG -> PP	0.9171	2.102	0.2839	0.9933	0.3887	1.6328	-0.4401	1.6355
RWG -> PF	0.6469	2.1582	0.5215	1.9912	0.6014	2.7143	-0.0497	0.2036
RWT -> PP	-0.5457	1.3719	0.2778	0.93	-0.2321	1.051	0.4025	2.8485
RWT -> PF	-0.2603	0.9551	0.1301	0.5887	-0.0838	0.3879	0.2069	1.2664

Source: own elaboration

When the attitude of the CEO regarding the management strategy is strong, the relationship that he has with the government officials has an impact on the overall performance of the firm. On the other hand, when that attention given to the management strategy is weak, the relationship that the CEO has with the government officials impacts only the future performance. This can mean that when the CEO quite often tries to manage his goals and has a concern to follow the evolution of his plans, he obtains immediate results with his relationship with government officials. On the other hand, if the CEO chooses a strategy based on the product, and if he gives a lot of attention to it, it is possible to verify that his relationship with the government official will influence the future performance of the firm. Nonetheless, if he decides to pay short attention to this type of strategy, his relationship with top managers at other firms has an impact on actual firm performance. The first may happen because of the help that the firm of the CEO needs from the government, so that it is possible to obtain good conditions, for example, to export. The second one occurs because a firm that has a weak product strategy needs help and advice from other experienced firms, and also need their help to find a good networking system.

4.2.3.2.4. External Environment

Finally, we made a multi-group analysis for the External Environment, covering the Market Environment, the Technological Environment and the Competitive Environment.

Market Environment

The variable Market Environment has been analyzed through the factor Customer Sensibility. Therefore, has been detected a significant relationship in firms facing markets with very sensitive customers (Customer Sensibility) between RWA and PP. The value of this t-statistic was 2.0994, above 1.96 (table 20).

Then, it can be concluded that Hypothesis 7a is partially confirmed for this relationship.

Table 20 - Standard Weights and t-Statistics for Customer Sensibility

	High Sensibility		Low Sensibility	
	S.W.	t-S	S.W.	t-S
RWA -> PP	0.6707	2.0994	0.5315	0.8772
RWA -> PF	-0.4835	1.3565	0.3642	0.7217
RWG -> PP	-0.6194	1.5714	-0.0137	0.0322
RWG -> PF	0.4759	1.4665	0.2028	0.6895
RWT -> PP	-0.0474	0.1988	0.3003	1.6152
RWT -> PF	0.1155	0.5338	0.0794	0.2253

Source: own elaboration

Thus, through the analysis of the received results, it is noticed that when the firm faces markets with sensitive customers, the relationships of CEOs with business associations affect the actual performance of the firm. It happens due to the quantity of information that the business associations receive from their several sources, which leads them to have a more complete knowledge about the customer preferences. So, when the CEOs have a relationship with those business associations they benefit from their knowledge, and consequently may adjust rapidly to the customer needs.

Technological Environment

This variable constructed one factor: Technology. Technology_Very Stable had a significant relationship between RWA and PP, with a t-statistic of 1.9808 for a significance level of 0.05 (table 21).

So, the Hypothesis 7b was partially confirmed.

Table 21 - Standard Weights and t-Statistics for Technology

	Very Dynamic		Very Stable	
	S.W.	t-S	S.W.	t-S
RWA -> PP	-0.3125	0.9155	0.5836	1.9808
RWA -> PF	-0.2731	0.8218	0.3168	0.8311
RWG -> PP	0.2782	0.6868	-0.3900	1.2104
RWG -> PF	0.3882	1.0733	0.1036	0.2957
RWT -> PP	0.1837	0.9688	-0.1443	0.4488
RWT -> PF	0.0121	0.0475	-0.0940	0.3069

Source: own elaboration

The external environment of the firm also changes the impact that social capital has on firm performance, namely the technological environment. When the industry technological level is stable, the relationships that the CEO has with business associations has a positive effect on actual firm performance. So, if the industry has few technological developments, one good way to maintain access to all the business changes is to constantly contact and interact with business associations. This might be a way to have a competitive advantage relatively to competitors. As the industry has few technological advances, one way to increase the firm performance is to know the best way to serve customer or where are the best suppliers. That information can be obtained through the business associations.

Competitive Environment

The markets with very dynamic competition and very stable competition presented significant relationships. The first mentioned cluster, revealed an important relationship between RWA and PF, with a t-statistic of 2.1685 (table 22). The second one showed two significant relationships between RWG/PF and RWT/PP, with, respectively, t-statistics values of 2.2538 and 2.3378 (table 22).

Thus, the Hypothesis 7c was accepted.

Table 22 - Standard Weights and t-Statistics for Competitive Environment

	Competition			
	Very Dynamic		Very Stable	
	S.W.	t-S	S.W.	t-S
RWA -> PP	0.5116	1.2621	0.3358	1.2663
RWA -> PF	0.7839	2.1685	-0.2137	0.5526
RWG -> PP	-0.4125	0.8798	-0.1682	0.658
RWG -> PF	-0.5366	1.4965	0.4178	2.2538
RWT -> PP	-0.2363	1.4679	0.4264	2.3378
RWT -> PF	-0.1522	0.8468	0.2116	1.0345

Source: own elaboration

Concerning the competitive environment, if there is a market with dynamic competitive involvement, the relationships that the CEO has with business associations has an impact on the future firm performance. That may be explained by the fact that the firms try to obtain information from their competitors through some business associations. The fact of having a good relationship with a business association helps the firm to gain status and power. On the other hand, when the firm operates in a market with stable competition, the relationships with government officials influence the future firm performance and the relationships with top managers at other firms influence the actual firm performance. The first one is explained by the low resources that some companies have to compete, so the easiest way to have good results is to try to change some laws. The second one is explained by the need of some firms to get together, and create a strong network, in order to have competitive advantage and leverage the market.

4.3. Conclusion – Findings

This study aims to fill a gap on the Portuguese business literature, namely in what concerns the several relationships undertaken by the Portuguese companies, and

consequently, their CEOs. In a very concise way, it was intended to cover and analyze the effects of CEOs social networking decisions on firm performance. More specifically, the effects of the relationships of CEOs with top managers at other firms, with government officials, and with business associations on firm performance were evaluated.

This research had two phases, with regards to the assessment of the received information.

First of all, a generic analysis was conducted, having as a supporting point the direct effects that social capital, namely the three types of relationships, have on firm performance.

Then a more focused analysis was performed, in order to evaluate the behavior of the social capital under the contingency of some variables, namely, the firm size (SEs or OEs), the firm sector (Manufacturing, Construction, Financial Services and Non-Financial Services), the top manager attitude (Information Activities, Resources Activities and Strategy Activities) and the external environment of the firm (Market Environment, Technological Environment and Competitive Environment).

Contrary to expectations, the general analysis do not presented significant results. None of the three types of relationships influenced the firm performance. However, social capital revealed that can affect the firm performance, under the contingency of size, sector, top manager attitude and external environment (table 23).

Respecting to size, when the CEO of a firm with more than 50 employees has a relationship with top managers at other firms, the future firm performance is positively influenced (table 23).

In the construction industry, when a CEO has a relationship with business associations, the present performance is positively influenced. In the manufacturing industry, the future performance is positively influenced by the relationships with government

officials. On the other hand, in the financial services, the future performance is affected by the relationships with the government officials (table 23).

Concerning to the top manager attitude, there were found nine significant relationships. When the CEO has a low concern with the customer perception, the relationships with business associations influence the overall firm performance. If the CEO has a great concern with interdepartmental information flow, the relationships with top managers at other firms affect negatively the present firm performance. On the other hand, when there is a great concern with future resources, the relationships with business associations influence the future firm performance. When the CEO has a strong concern with the management strategy, the relationships with government officials affect the overall firm performance. Contrary, if the CEO has a weak management strategy, the relationships with the government officials influence future firm performance. If the strategy of the CEO is based on paying attention to the product strategy, the relationships with government officials affect the future firm performance. Nonetheless, if the CEO decides to pay short attention to this type of strategy, his relationship with top managers at other firms has a positive impact on actual firm performance (table 23).

Finally, regarding to the external environment, there were found five significant relationships. When the CEO is operating in a market with very sensitive customers, his relationships with business associations affect the actual firm performance. When the CEO works in a market technologically undeveloped, his relationships with business associations influence actual firm performance. When firms explore markets with a strong competition, the relationships between CEOs and business associations influence the future firm performance. On the other hand, if they explore markets with a weak competition, the relationships between CEOs and government officials affect the future firm performance; and the relationships between the CEOs and top managers at other firms influence the present firm performance (table 23).

Table 23 - Main Hypothesis

Main Hypothesis	Confirmed	Partially confirmed
H1: The relationship between CEOs and top managers at other firms has a positive impact on firm performance	No	_____
H2: The relationship between CEOs and the Government officials has a positive impact on firm performance	No	_____
H3: The relationship between CEOs and Business Associations has a positive impact on firm performance	No	_____
H4: The impact on firm performance, due to the relationships that CEO has with other people/institutions, varies with the dimension of the firm	Part	Other Enterprises
H5: The impact on firm performance, due to relationships that CEO has with other people/institutions, varies with the sector of the firm	Part	Construction; Manufacturing; Financial Services
H6a: The impact on firm performance varies with the attitude of the top managers regarding the activities of the firm related to information	Part	Interdepartmental Information Flow; Customer Perception
H6b: The impact on firm performance varies with the attitude of the top manager regarding the activities of the firm related to resources	Part	Future Resources
H6c: The impact on firm performance varies with the attitude of the top manager regarding the activities of the firm related to strategy	Yes	_____
H7a: The impact on firm performance varies with the external market environment	Part	High Sensibility
H7b: The impact on firm performance varies with the external technological environment	Part	Very Stable
H7c: The impact on firm performance varies with the external competitive environment	Yes	_____

Source: own elaboration

5 - Conclusion

Through the analysis of these results, it is easily confirmed the social capital importance. Almost all these types of relationships are beneficial for the firm. Senior managers require a special attention in how actors deal with the process of social capital building, particularly the connections with economic capital (Wagner *et al.*, 2009). In addition, social capital needs a great commitment by the corporate actors. Those actors should be aware of the complex and collaborative skills needed to work with social capital (Wagner *et al.*, 2009). Only then, the social capital can have positive consequences to the firm.

The networks can contribute very effectively to the improvement of the firm performance. Accepting to get involved in a network helps the firm to obtain information and knowledge, which otherwise would not have access or would lead it to expend many resources. Networks act as a bridge to firms because they are a mean of reaching new people, new markets and new strategies. They also help the firm to increase its influence, control and power.

However, it should be taken into consideration that is not a “fits all suit”, but a suit that only fits under certain circumstances.

This type of research is not an innovation on the business and networking world, since some other studies have been carried out for other countries, more precisely for China (Peng & Luo, 2000), Mexico (Paredes & Meneses, 2012) and Ghana (Acquaah, 2007). In any case, all the findings from this Portuguese research contribute to an expanded view of this subject. In some points, it reaches the same conclusions of those other studies. On the other hand, this research introduced some variables not discussed in previous studies, such as the relationships with business associations and some contingency variables (size, sector, top manager attitude and external environment).

This study presented some limitations, which not allowed some expected conclusions. First of all, the size of the sample. Secondly, the type of data collection, namely, the survey, may induce in some deviant answers.

Thus, to future research, it is recommended to make a qualitative investigation to effectively study some relationships, mainly those that seem contradictory.

To conclude, this investigation intended to explore an area that is not well known in Portugal. It is relevant to see the importance of relationships and their effect on the firm performance. Possibly the CEOs of the Portuguese firms have not yet noticed that this is a topic of the utmost importance. However, the social capital and its influence on firm performance are very significant for the Portuguese business context. Moreover, with this research we built up on the social capital literature, namely by focusing on CEOs in developed countries of Europe.

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Attachments

Table 24 - Industry Frequencies

		Industry			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agriculture	1	1,2	1,2	1,2
	Manufacturing	11	13,3	13,3	14,5
	Financial Services	9	10,8	10,8	25,3
	Energy	1	1,2	1,2	26,5
	Construction	11	13,3	13,3	39,8
	Non-Financial Services	50	60,2	60,2	100,0
	Total	83	100,0	100,0	

Source: own elaboration

Table 25 - Size Frequencies

		Number of Employees (SMEs and Non-SMEs)			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Non-SMEs	20	24,1	24,1	24,1
	SMEs	63	75,9	75,9	100,0
	Total	83	100,0	100,0	

Source: own elaboration

Table 26 - Age Frequencies

Age				
	Frequency	Percent	Valid Percent	Cumulative Percent
26	2	2,4	2,4	2,4
27	2	2,4	2,4	4,8
28	1	1,2	1,2	6,0
29	1	1,2	1,2	7,2
30	3	3,6	3,6	10,8
31	1	1,2	1,2	12,0
32	1	1,2	1,2	13,3
33	1	1,2	1,2	14,5
34	5	6,0	6,0	20,5
35	3	3,6	3,6	24,1
36	4	4,8	4,8	28,9
37	2	2,4	2,4	31,3
38	5	6,0	6,0	37,3
39	3	3,6	3,6	41,0
Valid 40	5	6,0	6,0	47,0
41	1	1,2	1,2	48,2
42	3	3,6	3,6	51,8
43	2	2,4	2,4	54,2
44	2	2,4	2,4	56,6
45	3	3,6	3,6	60,2
46	2	2,4	2,4	62,7
47	2	2,4	2,4	65,1
48	3	3,6	3,6	68,7
49	2	2,4	2,4	71,1
50	1	1,2	1,2	72,3
51	3	3,6	3,6	75,9
53	1	1,2	1,2	77,1
54	1	1,2	1,2	78,3
55	2	2,4	2,4	80,7

56	4	4,8	4,8	85,5
57	1	1,2	1,2	86,7
59	1	1,2	1,2	88,0
60	2	2,4	2,4	90,4
61	1	1,2	1,2	91,6
62	1	1,2	1,2	92,8
63	1	1,2	1,2	94,0
64	2	2,4	2,4	96,4
65	1	1,2	1,2	97,6
68	1	1,2	1,2	98,8
71	1	1,2	1,2	100,0
Total	83	100,0	100,0	

Source: own elaboration

Table 27 - Number of Years as CEO Frequencies

Number of Years as CEO				
	Frequency	Percent	Valid Percent	Cumulative Percent
1	4	4,8	4,8	4,8
2	3	3,6	3,6	8,4
3	1	1,2	1,2	9,6
3	8	9,6	9,6	19,3
4	3	3,6	3,6	22,9
5	5	6,0	6,0	28,9
6	8	9,6	9,6	38,6
7	8	9,6	9,6	48,2
8	1	1,2	1,2	49,4
9	2	2,4	2,4	51,8
10	5	6,0	6,0	57,8
12	4	4,8	4,8	62,7
13	2	2,4	2,4	65,1
14	1	1,2	1,2	66,3

15	2	2,4	2,4	68,7
16	1	1,2	1,2	69,9
17	3	3,6	3,6	73,5
18	2	2,4	2,4	75,9
19	3	3,6	3,6	79,5
20	4	4,8	4,8	84,3
21	1	1,2	1,2	85,5
25	3	3,6	3,6	89,2
26	1	1,2	1,2	90,4
28	1	1,2	1,2	91,6
30	3	3,6	3,6	95,2
32	3	3,6	3,6	98,8
40	1	1,2	1,2	100,0
Total	83	100,0	100,0	

Source: own elaboration

Table 28 - Educational Level Frequencies

Educational Level				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Basic	5	6,0	6,0
	Secondary	25	30,1	30,1
	Graduation	34	41,0	41,0
	Post-Graduation	16	19,3	19,3
	PhD	3	3,6	3,6
	Total	83	100,0	100,0

Source: own elaboration

Table 29 - Correlation Matrix Market Environment (6 initial indicators)

Inter-Item Correlation Matrix						
	36a	36b	36c	36d	36e	36f
36a	1,000	,545	,224	,431	,057	,331
36b	,545	1,000	,202	,591	,081	,145
36c	,224	,202	1,000	,285	,069	,388
36d	,431	,591	,285	1,000	,148	,233
36e	,057	,081	,069	,148	1,000	,179
36f	,331	,145	,388	,233	,179	1,000

Source: own elaboration

Table 30 - Correlation Matrix Market Environment (5 indicators))

Inter-Item Correlation Matrix					
	36a	36b	36c	36d	36f
36a	1,000	,545	,224	,431	,331
36b	,545	1,000	,202	,591	,145
36c	,224	,202	1,000	,285	,388
36d	,431	,591	,285	1,000	,233
36f	,331	,145	,388	,233	1,000

Source: own elaboration

Table 31 - Correlation Matrix Market Environment (4 indicators)

Inter-Item Correlation Matrix				
	36a	36b	36d	36f
36a	1,000	,545	,431	,331
36b	,545	1,000	,591	,145
36d	,431	,591	1,000	,233
36f	,331	,145	,233	1,000

Source: own elaboration


Table 32 - Correlation Matrix Market Environment (4 final indicators)


Inter-Item Correlation Matrix				
	36a	36b	36d	36c
36a	1,000	,545	,431	,224
36b	,545	1,000	,591	,202
36d	,431	,591	1,000	,285
36c	,224	,202	,285	1,000

Source: own elaboration



Figure 5 - Questionnaire




FACULDADE DE ECONOMIA
UNIVERSIDADE DO PORTO

Estudo de actividades de gestão, estratégia e desempenho de uma organização


Este questionário está estruturado em sete secções. As perguntas da secção 1 referem-se a informação específica sobre a sua organização, sobre si e a sua equipa de gestão. As perguntas das secções 2 a 7 pretendem informação sobre o seu trabalho enquanto gestor, sobre o ambiente competitivo e características gerais da sua organização. As perguntas das últimas seis secções são de escolha múltipla, deste modo, vários argumentos são apresentados, devendo escolher um, e apenas um, entre as alternativas. Não há respostas certas nem erradas a estas perguntas. Agradecemos desde já a sua melhor colaboração.

O tempo estimado para preencher este questionário é de 10 minutos.

Para começar, por favor coloque a data quando preencheu este questionário.

Data: _____

Se desejar obter mais informações sobre este estudo por favor contacte-nos através de pedro.guimaraes.ri@gmail.com (Pedro Guimarães) ou raquelm@fep.up.pt (Prof. Doutora Raquel Meneses).



MESTRADO EM
MARKETING

ANO LETIVO
2012-2013

Secção 1 - Informação específica sobre a sua organização, sobre si e a sua equipa de gestão. Para responder marque com um X dentro do parêntesis e use as linhas respectivamente.

Sobre a sua empresa

1. Indústria:

- | | | |
|---|--|--|
| <input type="checkbox"/> 1. Agricultura | <input type="checkbox"/> 2. Manufatura | <input type="checkbox"/> 3. Serviços financeiros |
| <input type="checkbox"/> 4. Energia | <input type="checkbox"/> 5. Construção | <input type="checkbox"/> 6. Serviços não financeiros |

2. Actividade principal da firma

3. Anos de operação na actividade principal

4. Número de empregados:

- | | | | |
|--|---|--|--|
| <input type="checkbox"/> menos de 10 | <input type="checkbox"/> entre 10 e 50 | <input type="checkbox"/> entre 50 e 250 | <input type="checkbox"/> entre 250 e 500 |
| <input type="checkbox"/> entre 500 e 700 | <input type="checkbox"/> entre 700 e 1000 | <input type="checkbox"/> entre 1000 e 1500 | <input type="checkbox"/> mais de 1500 |

5. Vendas anuais (em milhões de euros)

- | | | |
|--|---|--|
| <input type="checkbox"/> menos de 2 | <input type="checkbox"/> entre 2 e 10 | <input type="checkbox"/> entre 10 e 50 |
| <input type="checkbox"/> entre 50 e 70 | <input type="checkbox"/> entre 70 e 100 | <input type="checkbox"/> mais de 100 |

6. Destino das vendas

- a. Vendas nacionais _____ % do total.
- b. Vendas para o estrangeiro _____ % do total.
- c. Mencione o número de países nos quais vende os seus produtos: _____

7. Número de acionistas que a sua empresa tem (incluindo-o, se for o caso)

- | | | |
|----------------------------|----------------------------|------------------------------------|
| <input type="checkbox"/> 1 | <input type="checkbox"/> 2 | <input type="checkbox"/> 3 |
| <input type="checkbox"/> 4 | <input type="checkbox"/> 5 | <input type="checkbox"/> 6 ou mais |

8. Estrutura de propriedade da sua empresa, mencione a percentagem de cada acionista

- | | | |
|---------------------|---------------------|---------------------|
| Acionista 1 _____ % | Acionista 2 _____ % | Acionista 3 _____ % |
| Acionista 4 _____ % | Acionista 5 _____ % | Acionista 6 _____ % |

9. Propriedade corporativa da organização:

a. Há alguma percentagem do capital social da sua empresa que pertença a outra organização, cujas vendas ascendam a 30 milhões

- () Sim, _____ %
() Não.

Sobre si

10. Idade: _____ 12. Anos de experiência na indústria atual _____
11. Anos enquanto CEO: _____ 13. Anos de experiência profissional _____
14. Anos de experiência na função actual _____

15. Indique os anos de experiência nas seguintes funções:

1. Operações _____ 2. Finanças _____ 3. Marketing/Vendas _____
4. Recursos Humanos _____
Outro (especifique a área e os anos de experiência): _____

16. Nível Educacional:

- () 1. Básico () 2. Secundário () 3. Licenciatura
() 4. Pós-Graduação () 5. Doutoramento

17. Caso o seu nível educacional inclua estudos superiores, diga em que área:

- () 1. Engenharia () 2. Finanças/Administração () 3. Marketing
() 4. Direito () 5. Medicina () 6. Outra, especifique: _____

Sobre a equipa de gestão

18. Indique o número de membros que pertencem à equipa de gestão da empresa:

- () 1 () 2 () 3 () 4
() 5 () 6 () 7 () 8
() 9 ou mais

19. Por favor indique o número de anos que cada um desses membros tem a trabalhar na empresa. Comece por aquele que trabalha há mais tempo.

Ind. 1: _____

Ind. 4: _____

Ind. 7: _____

Ind. 2: _____

Ind. 5: _____

Ind. 8: _____

Ind. 3: _____

Ind. 6: _____

Ind. 9: _____

Secção 2 - Esta secção descreve algumas actividades que podem existir na sua empresa. Assinale com um X o quadrado que corresponde à frequência dessa actividade na empresa.

20. Actividades da empresa relacionadas com informação

	Cada						
	Nunca	Ano	Semestre	Trimestre	Mês	Semana	Dia
a. Encontrar-me com os clientes para aprender como os servir melhor							
b. Encontrar-me com os clientes para saber que produtos ou serviços eles precisarão no futuro							
c. Envolver-me em iniciativas de pesquisa de mercado internas							
d. Analisar os relatórios externos de avaliação da qualidade dos nossos produtos							
e. Encontrar-me com aqueles que podem influenciar a compra do cliente final (ex.: retalhistas, distribuidores, outros distribuidores dos nossos clientes)							
f. Recolher informação da indústria por meios informais (ex.: almoçar com amigos da indústria, conversas com parceiros comerciais)							
g. Encontrar-me com os nossos distribuidores para acompanhar as tendências tecnológicas							
h. Ter "conversas de corredor" com a equipa de gestão sobre as táticas ou estratégias dos nossos competidores							
i. Ter "conversas de corredor" com outras equipas sobre as táticas ou estratégias dos nossos competidores							
j. Empreender reuniões inter-departamentais para discutir tendências e desenvolvimentos do mercado							
k. Distribuir informação formal (ex.: relatórios, newsletters) para níveis de gestão com informação sobre os nossos clientes							
l. Fazer encontros inter-departamentais para discutir dados sobre a satisfação do consumidor							

21. Actividades da empresa relacionadas com recursos

Cada

	Nunca	Ano	Semestre	Trimestre	Mês	Semana	Dia
a. Distribuir orçamentos para projetos e departamentos							
b. Decidir a que programas ceder recursos							
c. Definir novas contratações							
d. Alocar equipamentos ou materiais a projetos ou departamentos							
e. Prevenir perda de recursos humanos							
f. Definir prioridades dentro da organização							
g. Empreender actividades de treino para a equipa de gestão							
h. Empreender actividades de treino para a restante equipa							
i. Trabalhar na procura e desenvolvimento do meu sucessor							
j. Ajudar a corrigir os erros da equipa de gestão antes que outros os detetem							
k. Dar feedback da performance à equipa de gestão							

22. Actividades da empresas relacionadas com estratégia

Cada

	Nunca	Ano	Semestre	Trimestre	Mês	Semana	Dia
a. Traduzir metas em planos							
b. Traduzir metas em objetivos individuais							
c. Monitorizar actividades para apoiar objetivos da gestão de topo							
d. Empreender reuniões inter-departamentais para discutir objectivos não alcançados							
e. Definir medidas corretivas para atingir objectivos							
f. Trabalhar no desenvolvimento de novos produtos ou serviços							
g. Justificar e definir novos programas							

h. Renegociar objectivos para facilitar projectos novos							
i. Aprovar recursos para projectos de teste							
j. Explorar novas fontes de fornecimento							

Secção 3 - Esta secção apresenta algumas afirmações que descrevem características da sua organização. Por favor indique aquela que melhor a descreve. Por favor coloque um círculo em apenas uma opção.

23. Em comparação com os nossos concorrentes, os produtos que disponibilizamos aos nossos clientes são mais bem descritos como:

1. Produtos mais inovadores, que estão em contínua mudança.
2. Produtos que são bastante mais estáveis em certos mercados e mais inovadores noutros.
3. Produtos que são estáveis e que são definidos como consistentes em todo o mercado.
4. Produtos que estão num estado de transição, e que respondem continuamente a oportunidades e ameaças do mercado.

24. Em contraste com os nossos concorrentes, nós temos uma imagem no mercado que:

1. Em contraste com os nossos concorrentes, nós temos uma imagem no mercado que:
2. Adoptamos novas ideias e inovações, mas apenas após cuidadosa análise.
3. Reagimos a oportunidades ou ameaças do mercado de forma a manter ou aumentar a nossa posição.
4. Temos a reputação de sermos inovadores e criativos.

25. A totalidade do tempo que a nossa unidade de negócios despende em monitorizar as mudanças e as tendências no mercado podem ser mais bem descritas como:

1. Prolongado: Estamos continuamente a monitorizar o mercado.
2. Mínimo: Nós realmente não passamos muito tempo a monitorizar o mercado.
3. Médio: Passamos uma quantidade de tempo razoável a monitorizar o mercado.
4. Esporádico: Algumas vezes passamos muito tempo, mas outras vezes muito pouco a monitorizar o mercado.

26. Comparativamente com os nossos concorrentes, os aumentos ou perdas na procura que nós experienciamos devem-se muito provavelmente a:

1. Na nossa prática de concentração no desenvolvimento total dos mercados que actualmente servimos.
2. Na nossa prática de responder às pressões do mercado, correndo menos riscos.
3. Na nossa prática agressiva de entrar em novos mercados com novos tipos de produtos.
4. Na nossa prática de penetrar mais assertivamente em mercados que actualmente servimos, enquanto também adoptamos novos produtos depois de uma cuidadosa análise do seu potencial.

27. Um dos objectivos mais importantes nestas unidades de negócios comparativamente com os nossos concorrentes é a nossa dedicação e compromisso com:

1. Manter os nossos custos controlados.
2. Analisar os nossos custos e receitas cuidadosamente, de forma a manter os custos controlados e a, selectivamente, gerar novos produtos para entrar em novos mercados.
3. Garantir que as pessoas, recursos e equipamentos necessários para desenvolver novos produtos e mercados estão disponíveis e acessíveis.
4. Garantir a nossa proteção contra ameaças críticas, tomando sempre as medidas necessárias.

28. Em contraste com os nossos concorrentes, as capacidades que os nossos quadros de gestão possuem podem ser melhor caracterizadas como:

1. Analíticas: as suas capacidades permitem-lhes tanto identificar tendências como a seguir desenvolver novos produtos ou mercados.
2. Especializados: as suas capacidades estão concentradas numa, ou em poucas, áreas específicas.
3. Amplos e empreendedores: as suas capacidades são diversas, flexíveis e permitem a criação da mudança.
4. Fluidos: as suas capacidades estão relacionadas com a procura de curto-prazo do mercado.

29. A única coisa que nos protege dos nossos concorrentes é que:

1. Nós somos capazes de analisar cuidadosamente tendências emergentes e adoptar apenas aquelas que tenham potencial comprovado.
2. Nós somos capazes de fazer um número limitado de coisas excepcionalmente bem.
3. Nós somos capazes de responder às tendências mesmo que estas apenas apresentem um potencial moderado à sua nascenta.
4. Nós somos capazes de constantemente desenvolver novos produtos e novos mercados.

30. Mais do que muitos dos nossos concorrentes, a nossa equipa de gestão nesta unidade de negócio tende a concentrar-se em:

1. Manter uma posição financeira segura através do controlo dos custos e da qualidade.
2. Analisar oportunidades no mercado e seleccionar apenas aquelas que tenham um potencial comprovado, mantendo mesmo assim uma proteção da posição financeira.
3. Actividades ou funções do negócio que mais precisam de atenção tendo em consideração as oportunidades e os problemas que actualmente enfrentamos.
4. Desenvolver novos produtos e expandir para novos mercados ou segmentos de mercado.

31. Em contraste com muitos dos nossos concorrentes, esta unidade de negócio prepara-se para o futuro:

1. Identificando o melhor possível soluções para aqueles problemas ou desafios que requerem atenção imediata.
2. Identificando tendências e oportunidades no mercado que podem resultar na criação de ofertas de produtos que são novos para a indústria ou alcançam novos mercados.
3. Identificando aqueles problemas que, se resolvidos, manterão e posteriormente melhorarão as nossas ofertas atuais e a

4. Identificando aquelas tendências na indústria que os nossos concorrentes tenham provado possuir potencial de longo-prazo, e ao mesmo tempo resolvendo problemas relacionados com a nossa atual oferta de produtos e com as necessidades atuais dos nossos clientes.

32. Comparativamente com os nossos concorrentes, a nossa estrutura organizacional é:

1. Funcional por natureza (organizada por departamentos - marketing, contabilidade, pessoal, etc.).
2. Orientada para o produto ou mercado.
3. Principalmente funcional (departamental) por natureza; no entanto, existe uma orientação para o produto ou mercado em novas ou alargadas áreas de oferta de produtos.
4. Continuamente em mudança para permitir-nos encontrar oportunidades e resolver problemas conforme estes aparecem.

33. Ao contrário dos nosso concorrentes, os procedimentos que usamos para avaliar a performance são mais bem descritos como:

1. Descentralizados e participativos, encorajando muitos membros da organização a envolverem-se.
2. Fortemente orientados para os requisitos de informação que exigem atenção imediata.
3. Altamente centralizados e essencialmente da responsabilidade dos gestores de topo.
4. Centralizados em áreas de produtos mais estabelecidos e mais participativos em novas áreas de produtos.

Secção 4 - Esta secção apresenta uma série de indicadores financeiros. Por favor marque com X de forma a indicar a importância associada a cada indicador financeiro de forma a avaliar a performance da sua organização.

34. Importância dos indicadores financeiros

	Nada importante				Muito importante		
	1	2	3	4	5	6	7
a. Retorno das vendas							
b. Retorno do investimento							
c. Retorno dos ativos							
d. Crescimento das vendas							
e. Crescimento dos lucros							
f. Quantia total de lucros							

Agora, por favor, indique em que medida está satisfeito com o desempenho da sua organização em cada um dos indicadores anteriormente mencionados.

35. Satisfação com os indicadores financeiros

39. Satisfação com os indicadores financeiros							
	Nada satisfeito				Muito satisfeito		
	1	2	3	4	5	6	7
a. Retorno das vendas							
b. Retorno do investimento							
c. Retorno dos ativos							

d. Crescimento das vendas							
e. Crescimento dos lucros							
f. Quantia total de lucros							

Secção 5 - Esta secção apresenta uma série de afirmações que caracterizam o ambiente do negócio ou as condições no principal mercado que a sua organização atualmente serve. Por favor marque com X para indicar o grau em que concorda ou discorda com cada afirmação.

36 - Ambiente de mercado	Totalmente em desacordo				Totalmente de acordo		
	1	2	3	4	5	6	7
a. No nosso tipo de negócio, as preferências do cliente a nível do produto mudam um pouco ao longo do tempo.							
b. Os nossos clientes tendem a procurar novos produtos ao longo do tempo.							
c. Algumas vezes os nossos clientes são muito sensíveis ao preço, mas noutras ocasiões o preço é relativamente pouco importante.							
d. Novos clientes tendem a ter necessidades relacionadas com produtos diferentes dos nossos clientes já existentes.							
e. Nós fornecemos para muitos dos mesmos clientes que costumávamos fornecer no passado.							
f. É muito difícil de prever mudanças neste mercado.							

37. Ambiente Tecnológico	Totalmente em desacordo				Totalmente de acordo		
	1	2	3	4	5	6	7
a. A tecnologia na nossa indústria muda rapidamente.							
b. Mudanças tecnológicas proporcionam grandes mudanças na nossa indústria.							
c. É muito difícil prever o quão desenvolvida estará a tecnologia na nossa indústria nos próximos dois ou três anos.							
d. Um grande número de ideias para produtos foram possíveis devido a avanços tecnológicos na nossa indústria.							
e. A nossa indústria tem poucos desenvolvimentos tecnológicos.							
f. Alterações tecnológicas na nossa indústria são frequentes.							

38. Ambiente competitivo	Totalmente em desacordo				Totalmente de acordo		
	1	2	3	4	5	6	7
a. A competição na nossa indústria é muito agressiva.							
b. Na nossa indústria existem bastantes guerras com base em promoções.							
c. Qualquer coisa que um competidor possa oferecer, outros podem							

d. A competição com base no preço é imagem de marca da nossa indústria.							
e. Ouve-se falar de um novo movimento competitivo quase todos os dias.							
f. Os nossos concorrentes são relativamente fracos.							

Secção 6 - Esta secção pede-lhe para identificar em que medida aproveitou os seus laços pessoais, contactos ou redes para resolver um assunto relacionado com o funcionamento do seu negócio.

39. Nos últimos três anos eu utilizei os meus laços com...

	Raras vezes			Muito frequentemente			
	1	2	3	4	5	6	7
a. Gestores de topo em empresas de compradores.							
b. Gestores de topo em empresas fornecedoras.							
c. Gestores de topo de empresas concorrentes.							
d. Gestores de topo de outras empresas.							
e. Gestores de topo em instituições financeiras.							
f. Líderes políticos do governo central.							
g. Líderes políticos do governo local.							
h. Funcionários em empresas compradoras/fornecedoras/concorrentes							
i. Funcionários de regulação/apoio em órgãos governamentais de poder local.							
j. Funcionários de órgãos governamentais fiscais.							
k. Funcionários de câmaras do comércio.							
l. Funcionários de associações do setor.							
m. Funcionários de regulação/apoio em órgãos governamentais de poder central.							
n. Dirigentes de topo de associações do setor.							
o. Investigadores de Centros de investigação / universidades							
p. Funcionários de algumas agências do Estado, como por exemplo a AICEP (Agência para o Investimento e Comércio Externo de Portugal)							
q. Dirigentes de associações não sectoriais, como por exemplo, a AEP (Associação Empresarial de Portugal)							

Secção 7 - Finalmente, esta secção pede-lhe para identificar uma das seguintes descrições que mais se encaixa na sua organização comparando com outras empresas da indústria. Considere a sua divisão ou empresa como um todo e note que nenhuma das opções abaixo são inerentemente "boas" ou "más". Para responder, marque com um X dentro do parêntesis correspondente.

Type 1 ()	Este tipo de organização tenta localizar e manter um nicho seguro numa área de serviço ou produto razoavelmente estável. A organização tende a oferecer uma gama mais limitada de produtos comparativamente com os seus concorrentes, e tenta proteger o seu domínio oferecendo alta qualidade, um serviço superior, preços mais baixos, e assim por diante. Frequentemente este tipo de organização não está na primeira linha de desenvolvimentos da indústria. Tende a ignorar alterações na indústria que não tenham influência directa em áreas actuais de operação e, em vez disso, concentra-se o melhor trabalho possível numa área limitada.
Type 2 ()	Este tipo de organização opera tipicamente dentro de um amplo mercado baseado no produto que sofre redefinições periódicas. A organização valoriza ser o "primeiro" em novas áreas de mercado e de produto, mesmo que todos esses esforços provem não ser altamente lucrativos. A organização responde rapidamente a sinais iniciais de novas áreas de oportunidade, e essas respostas conduzem a uma nova ronda de ações competitivas. Mesmo assim, este tipo de organização pode não manter força de mercado em todas as áreas que entra.
Type 3 ()	Este tipo de organização tenta manter uma linha de produtos ou serviços estável e limitada, enquanto a mesmo tempo move-se rapidamente de maneira a seguir cuidadosamente um conjunto selecionado de novos desenvolvimentos da indústria. A organização raramente é "a primeira" em novos produtos ou serviços. No entanto, através da monitorização das ações dos seus maiores concorrentes em áreas compatíveis com o seu mercado baseado no produto, a organização pode frequentemente ser "a segunda" com um serviço ou produto mais eficiente nos custos.
Type 4 ()	Este tipo de organização parece não ter uma orientação para um determinado mercado ou produto. A organização não é usualmente agressiva em manter estabelecidos produtos e mercados, como alguns dos seus concorrentes, nem está disposta a correr tantos riscos quanto outros concorrentes. Em vez disso, a organização responde naquelas áreas em que é forçada devido a pressões ambientais.

Muito obrigado pelo seu tempo e empenho.

Página 10

Source: Paredes & Meneses, 2012